

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR FISCAL YEAR 2010

THURSDAY, JUNE 18, 2009

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:59 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Byron L. Dorgan (chairman) presiding.

Present: Senators Dorgan, Tester, Bennett, Cochran, Bond, and Alexander.

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

STATEMENT OF TERRENCE C. SALT, ACTING ASSISTANT SECRETARY OF THE ARMY

OPENING STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. I'm going to call the meeting to order. This is the subcommittee of the Appropriations Committee of the United States Senate, Subcommittee on Energy and Water. Today we're going to take testimony on the fiscal year 2010 budget request for the U.S. Army Corps of Engineers and the Department of the Interior.

Testifying for the Corps will be Terrence Salt, Acting Assistant Secretary of the Army for Civil Works. Mr. Salt, congratulations on your appointment as Principal Deputy and your current assignment as Acting Assistant Secretary. I look forward to working with you and Ms. Darcy once she is confirmed on the many water resource problems that we face.

I know that you will familiarize yourself especially with North Dakota water issues and know something about some of them already, perhaps Mississippi issues as well. But those of us who serve on this subcommittee have an abiding interest in these matters.

Lieutenant General Van Antwerp, Chief of the Engineers for the U.S. Army Corps of Engineers, it's always good to see you and welcome. We appreciate your being here.

Testifying for the Department of the Interior will be Deanna Archuleta, the Acting Assistant Secretary for Water and Science at the Department. Welcome to you. Congratulations, too, on your ap-

pointment as the Deputy Assistant Secretary for Water and Science and on your current assignment as the Acting Assistant Secretary for Water and Science. I look forward to working with you and Ms. Castle once she is confirmed on many of the western water issues.

Michael Connor, Commissioner of the Bureau of Reclamation. Commissioner Connor, congratulations on your recent confirmation. We appreciate your being here and I know that you're aware I'm passionate about the issues concerning rural water supply, especially on the unmet promises for now nearly five decades in North Dakota when they built the Garrison Dam, and I know you'll be more familiar with those projects as well and perhaps already are.

The task of talking about the Corps budget is difficult because we've only had the details available for about a week. I'm talking about the detailed budget justifications. Justifications were released 5 weeks after the President released the budget to Congress, which has made it very difficult for us. Every other Federal agency got their budget justifications to Congress with the submission of the budget.

I understand that some of that delay was beyond the control of the Corps, General. For instance, I understand the budget justifications were not cleared by OMB until May 29. That was 3 weeks after the budget was released. So perhaps my real beef here is with the Office of Management and Budget. That would not be a new irritation for me.

The Corps of Engineers did not get the budget justifications on the Internet until June 11, and printed copies were not furnished until June 12, to the extent that they were printed. So we've had staff working on these issues now, but it's been difficult.

Mr. Salt, we postponed this hearing in May because those details weren't available, and I thought we might have to postpone a second time. But we're here finally at long last to talk about these various issues.

This is the second time in 4 years that this has happened, so it's not about the administration. It's about particularly OMB and the tortured mechanics that these things go through.

The President's fiscal year 2010 budget for the Corps of Engineers proposes \$5.125 billion, which is \$277 million below the fiscal year 2009 enacted of \$5.402 billion. This is the narrowest gap that we've seen for a number of years between current enacted amount for fiscal year 2009 and the President's fiscal year 2010 budget.

When you look at the budget details on an account by account basis, the difference really is considerably larger than that. General investigations is down \$68 million from the current year. General construction is down \$424 million from the current year, and this certainly doesn't help us reduce the more than \$67 billion backlog in unconstructed projects.

The Missouri River and tributaries is down \$136 million from the current year.

O&M is one of the bright spots in the Corps budget with an increase of about \$300 million. O&M has been essentially flat for a number of years, even though personnel costs have continued to rise and the inventory of Corps projects has continued to age, increasing maintenance needs.

In this case, the administration has not resorted to budget tricks, which we've seen in many previous years. I appreciate that. The O&M budget that I just described is in fact a true increase, not some mirage, and that will be helpful.

To provide even this modest O&M increase and get the other major accounts to current levels would require an additional \$600 million. Now, the two major projects for the Department of the Interior under this subcommittee are the Central Utah Project Completion Act and the Water and Related Resources for the Bureau of Reclamation. Your budgets, I would say to Ms. Archuleta and Mr. Connor, are relatively flat compared to fiscal year 2009.

The Central Utah Project Completion account is proposed at the same amount as the current year, and the Bureau of Reclamation is down \$55 million from the current year. A flat budget, of course, is a declining budget for your agencies. Personnel and contract costs continue to increase each year by some amount. So you're accomplishing less work when you propose a flat budget. Unfortunately, the needs for water and power in the West continue to rise.

I'm very cognizant of the very serious deficit problems we face in our Government. I'm also aware, though, that some spending is just spending, while other spending is a really important investment which provides dividends for the future. Much of the investment we make in water projects and reclamation projects produce significant deficits and great assets for this country.

So it's not escaped my notice that we really need to evaluate on a line by line basis what our needs are, what our responsibilities are, and what kinds of funding we will have available for them.

I know that you come to us today as members of the administration, destined to support and required to support the budget that has been sent to us. In fact, only in recent years on one occasion have we had someone in a complete fit of candor and unbelievable truthfulness say: No, I'm sitting here at the table and the amount of money that's been requested is far short of what is really needed. We were staggered to hear that kind of testimony, and the next morning that person was fired.

So my expectation is that you will pay fealty to the budget you're here to support today but you will hear from members of our subcommittee that in these areas of water projects and the Corps of Engineers' needs and responsibilities as well as the Bureau's responsibilities, that many of us have very significant and strong feelings about how to meet those obligations.

I want to be able to get to you so that you can give us your statements, but I want to talk just for a moment about the American Recovery and Reinvestment Act. I was surprised that the request from the administration on an economic recovery act to try to lift the country's economy, which as you know was controversial—some voted for it, some didn't—included not one penny from the administration for either of your agencies. I was pretty surprised by that.

It seems to me that if you're going to do something to substantially address infrastructure problems and put people back to work and have an asset when it's completed, one of the things you would look at would be water issues, water projects, and reclamation projects. But there wasn't any funding in the initial request.

Senator Cochran and I and others included funding in this economic recovery package for water projects, then left it to your agencies to decide how the funding that we finally put together would be distributed. We believe we gave pretty clear guidance, without earmarking, how funding should be distributed, both in the legislation as well as in report language.

But we have some concerns about how the distribution of that funding was developed behind closed doors. So we'll talk some about that today.

Let me thank you for being here. I have other things I will put in the record that describe some of our interests and some of our concerns.

Let me now call on my colleague from Mississippi, Senator Cochran, for any comments he wishes to make.

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, thank you. Thank you for convening this important hearing to review the administration's fiscal year 2010 budget request. I'm pleased to join you in welcoming this panel and to thank them for appearing here before the subcommittee today.

The Corps of Engineers has a very large presence in my State. Flood control activities on the Mississippi and Yazoo Rivers, dredging of ports on the Mississippi River and in the gulf coast region, and environmental infrastructure projects are all very important activities that affect the economic future of our State and the physical survival of our citizens.

I'm concerned that the budget we are reviewing today might not adequately address some of these most important needs. But I would like to take the opportunity to compliment the efforts of the Corps of Engineers, the Mississippi Coastal Improvements Program team, specifically in Mobile, Alabama, for completing the plan to implement hurricane mitigation projects and to restore Mississippi's barrier islands.

The plan the team has provided is a much needed project that is essential to protect the vast natural resources as well as property of the State of Mississippi and its citizens and to help protect infrastructure and commerce along the Gulf of Mexico.

General Van Antwerp, as the Chief of Engineers I know you understand it is your charge to verify the final version of this plan. It's my hope that you will be able to certify the proposal expeditiously after a careful review of its merits.

I would also like to compliment the Engineer Research and Design Center of the Army Corps of Engineers. The research undertaken at this facility is of the highest importance to our Nation and our armed forces. Once again, the center was named the Army's top research laboratory, an honor that is often bestowed on the researchers and staff in Vicksburg, Mississippi. We are very proud of all of them.

The Civil Works Division of the Army Corps of Engineers has a unique history. It's vital to our Nation's infrastructure protection and it's very important that we in Congress recognize both the importance of the work done by the Corps of Engineers and carefully review the costs and other challenges that these projects may face.

We thank you again for your cooperation with this subcommittee and I look forward to your testimony.

Senator DORGAN. Senator Cochran, thank you very much.

I wanted to make one additional point before I recognize the witnesses, and that is the question of earmarks. I'm speaking explicitly about the President's request coming through the agencies of what it is you wish to have funded—your earmarks—and the metrics that you use to determine that, and the concern that many of us have how these things change year to year. The criteria for budgetable projects switch from one year to the next, depending on the administration, and even changes inside the same administration. For example, shifting views on shore protection projects, the way major rehabilitation projects and environmental compliance activities have bounced among various accounts, rural water projects are funded one year, next they are not funded, even the way the benefit-to-cost ratio is chosen to determine budgetable projects moves up and down on the list.

Again, these are all earmarks chosen by someone, and ultimately the President. But someone in your agencies, through OMB, decides to earmark all this money and then send the earmarks to Congress and say: We've made these decisions about what our priorities are; that's how we've earmarked it; but we have our own metrics with which to make the decisions. We up here look at them and think: Well, why do those metrics change so much from one year to the next with shore protection or water projects and so on?

We don't quite understand that, and we hope that we can begin a discussion with you about how you decide on what earmarks you request, what those metrics are, and whether those metrics can perhaps see the light of day so that we understand them a bit better.

Well, let me thank all of you for being here and let me begin, Mr. Secretary, with your testimony. Terrence Salt, Acting Assistant Secretary of the Army for Civil Works, thank you for being with us.

STATEMENT OF TERRENCE C. SALT

Mr. SALT. Sir, thank you, Chairman Dorgan, Senator Cochran. Thank you for the opportunity to present the President's budget for the Civil Works Program of the Army Corps of Engineers for fiscal year 2010. I will also briefly touch on the activities related to the stimulus bill.

In developing this budget, we have sought to achieve four principal objectives: the first, to focus construction funds on those investments that provide the best return from a national perspective in achieving economic, environmental, and public safety objectives;

Second, to support the safe and reliable operations and maintenance of key existing water resources infrastructure;

Third, to improve Corps project planning and program performance;

Finally, to advance aquatic ecosystem restoration efforts, including the restoration of Louisiana's coastal wetlands and Florida's Everglades.

The budget provides funding for the development and restoration of the Nation's water and related resources within the three main

Civil Works program areas. Sir, you mentioned the commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration.

Additionally, the budget supports hydropower, recreation, environmental stewardship, water supply services at existing water resource projects owned or operated by the Corps, protection of the Nation's regulated waters and wetlands, the cleanup of sites contaminated as a result of the Nation's early efforts to develop atomic weapons, and emergency preparedness and training.

As you pointed out, the total discretionary funding of \$5.125 billion in the fiscal year 2010 budget is our budget and, although it is less than was previously appropriated last year, it is the highest amount ever requested by the President for the Civil Works Program.

The budget proposes enactment of legislation to authorize a lock usage fee which would, over time, replace the diesel fuel tax now paid by most commercial users of the inland and intra-coastal waterways. This proposed legislation will address the declining balance in the Inland Waterways Trust Fund. This affects the Government's ability to finance the non-Federal portion of Federal capital investment in these waterways and will do so in a way that improves economic efficiency compared to the existing fuel tax by more closely aligning the costs of those who use the Corps locks for commerce with the capital costs that the Corps incurs on their behalf.

The administration stands ready to work with the Congress and stakeholders with interests in these capital investments to help pass and implement this proposal.

The fiscal year 2010 budget continues the Civil Works Program's commitment to a performance-based approach to budgeting. The Army applied objective performance guidelines to focus construction funds on these investments within the three main mission areas of the Corps that provides the best return from a national perspective in achieving economic, environmental, and public safety objectives.

Similarly, the Army used objective performance criteria to allocate O&M funds in the fiscal year 2010 budget. The O&M criteria consider both the condition of the project and the potential consequences for project performance if the O&M activity were not undertaken in fiscal year 2010.

In fiscal year 2010, the Corps will focus efforts on developing new strategies along with other Federal agencies and non-Federal project partners, to better manage, protect, and restore the Nation's water and related land resources, including flood plains, flood-prone areas and related ecosystems.

I'd like to speak for a minute about the recently enacted American Recovery and Reinvestment Act, which provided \$4.6 billion for the Corps' Civil Works Program. The Corps is managing these funds and successfully achieving the Recovery Act's stated purposes. Obligations and expenditures commenced in early May. Upon clearance of the Corps' project plans and lists, projects were selected based on the fundamental tenet of prudent management and investment in infrastructure and the ecosystem restoration projects that will provide long-term benefits for the Nation.

The Civil Works allocations are fully consistent with the President's direction provided in his executive memorandum of March 20, 2009, ensuring responsible spending of Recovery Act funds. Moreover, the Civil Works allocations are consistent with additional project selection criteria provided in the conference committee report accompanying the act that projects, programs, or activities that are accomplished with Recovery Act dollars will be obligated and executed quickly, will result in high immediate employment, have little schedule risk, will be executed by contract or direct hire of temporary labor, and will complete a project phase, a project, an element, or will provide a useful service that does not require additional funding.

Also, as stipulated in the Recovery Act, no funds will be used for any project that at the time of the obligation has not received appropriations provided for energy and water development—essentially no new starts.

The wide geographic distribution of projects spreads the employment and other economic benefits across the United States. Funding is also distributed across Civil Works programs to provide the Nation with project benefits related to inland and coastal navigation, the environment, flood risk management, hydropower, recreation, and more.

I'm pleased to report that as of the close of business June 12, 2009, the Corps has obligated more than \$320 million, work on the ground has begun, and real progress is being made.

In conclusion, this administration has made rebuilding America's infrastructure a priority. Through resources provided for the Army Civil Works program in the President's budget for fiscal year 2010, as well as the resources provided through the stimulus bill, the Corps can help achieve this objective.

PREPARED STATEMENT

Mr. Chairman, I am proud to support this budget for the Army's Civil Works program. I look forward to working with this subcommittee and to your support of the President's budget proposals, and I welcome any questions you may have.

Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF TERRENCE C. SALT

Chairman Dorgan, Senator Bennett, distinguished members of the subcommittee, thank you for the opportunity to present the President's budget for the Civil Works Program of the Army Corps of Engineers for fiscal year 2010.

OVERVIEW

In developing this budget, we sought to achieve four principal objectives:

- Focus construction funds on those investments that provide the best return from a national perspective in achieving economic, environmental and public safety objectives;
- Support the safe and reliable operation and maintenance of key existing water resources infrastructure;
- Improve Corps project planning and program performance; and
- Advance aquatic ecosystem restoration efforts, including restoration of Louisiana's coastal wetlands and Florida's Everglades.

The budget provides funding for development and restoration of the Nation's water and related resources within the three main Civil Works program areas: commercial navigation, flood and coastal storm damage reduction, and aquatic eco-

system restoration. Additionally, the budget supports hydropower, recreation, environmental stewardship, and water supply services at existing water resources projects owned or operated by the Corps. Finally, the Budget provides for protection of the Nation's regulated waters and wetlands; cleanup of sites contaminated as a result of the Nation's early efforts to develop atomic weapons; and emergency preparedness and training. The budget does not fund work that should be the responsibility of non-Federal interests or other Federal agencies, such as wastewater treatment and municipal and industrial water treatment and distribution.

FISCAL YEAR 2010 DISCRETIONARY FUNDING PROGRAM

The total discretionary funding of \$5.125 billion in the fiscal year 2010 budget is the highest amount ever requested by the President for the Civil Works program.

Within this total, \$1.718 billion is budgeted for projects in the Construction account. The budget provides \$2.504 billion for activities funded in the Operation and Maintenance (O&M) account.

The fiscal year 2010 budget also includes \$100 million for Investigations; \$248 million for Flood Control, Mississippi River and Tributaries; \$41 million for Flood Control and Coastal Emergency; \$190 million for the Regulatory Program; \$134 million for the Formerly Utilized Sites Remedial Action Program; \$184 million for the Expenses account and \$6 million for the Office of the Assistant Secretary for Civil Works.

Enclosure 1 displays the current estimate for the distribution of fiscal year 2010 discretionary funding among eight appropriation accounts, eight program areas plus executive direction and management, and five funding sources including the general fund of the Treasury and trust funds. Enclosure 2 is a crosscut between appropriation accounts and program areas.

The fiscal year 2010 budget for the Civil Works program supports high performing new studies and construction starts.

The budget funds three new watershed studies: Green River Watershed, Kentucky; Ocmulgee River Watershed, Georgia; St. Louis Watershed, Missouri; and a study addressing Access to Water Data. The budget also includes \$2 million for a high-priority, interagency evaluation of the Nation's vulnerability to damage from flooding, the Water Resources Priorities study, as authorized in section 2032 of the Water Resources Development Act of 2007 (WRDA 2007).

The budget also includes funding for five construction starts, namely Napa River Salt Marsh Restoration, California; Kansas City's, Missouri and Kansas flood damage reduction project; Washington, DC and Vicinity flood damage reduction project; Norfolk Harbor, Craney Island, VA; and the Bridges at Deep Creek, Virginia project on the Atlantic-Intracoastal Waterway.

Restoring Louisiana Gulf Coast Wetlands

For fiscal year 2010, the allocation for the Louisiana coastal area (LCA) has been increased by \$5 million, from \$20 million to \$25 million in the Investigations account. Over 1 million acres of Louisiana's coastal wetlands have been lost since the 1930's; another one-third of a million acres could be lost over the next 50 years unless large-scale corrective actions are taken. A 10-year plan of studies, projects and science support was developed through a public involvement process, and working closely with other Federal agencies and the State of Louisiana. All construction activities under the plan will be subject to approval of feasibility level of detail documents by the Secretary of the Army. The increased funding level for fiscal year 2010 includes \$20 million for the LCA ecosystem restoration program and reflects an accelerated schedule arising from section 7006(e)(3) of WRDA 2007. The fiscal year 2010 amount also includes \$5 million for the science needed to support the ongoing effort to restore the complex coastal wetland and barrier island ecosystem of coastal Louisiana.

Storm Damage Reduction for the Louisiana Coast

The Investigations account includes \$3 million for completion and review of the ongoing Louisiana Coastal Protection and Restoration (LACPR) study. The final LACPR Technical Report is scheduled to be completed at the Corps District level in late fiscal year 2009. Funding included in the fiscal year 2010 budget will be used to refine and integrate LACPR findings and outputs regarding alternative trade-offs, and coastal landscape contributions to risk management, with ongoing Hurricane Storm Damage Reduction projects and Coastal Protection and Restoration projects and to delineate comprehensive plans for higher levels of storm surge risk reduction.

Everglades

In partnership with the South Florida Water Management District and the National Park Service, the Corps is working to restore much of the unique natural ecosystem value to the Everglades. The objective of the South Florida Ecosystem Restoration Program is to restore, protect and preserve the south Florida ecosystem, including the Everglades, while providing for other water related needs of the region. In order to move the program forward, the budget for the Corps provides \$214 million for fiscal year 2010, an increase of \$91 million above the amount appropriated in fiscal year 2009. Within this amount, the budget would initiate or advance construction of the three authorized projects in the Comprehensive Everglades Restoration Plan: Picayune Strand, Site One Impoundment, and Indian River Lagoon—South.

INLAND WATERWAYS LEGISLATION

The budget proposes enactment of legislation to authorize a lock usage fee, which would over time replace the diesel fuel tax now paid by most commercial users of the inland and intracoastal waterways. This proposed legislation will improve the way that the Nation raises the revenue needed to cover the non-Federal share of the capital costs of inland and intracoastal waterways projects. The balance in the Inland Waterways Trust Fund (IWTF), which affects the Government's ability to finance the non-Federal portion of Federal capital investment in these waterways, has been declining since fiscal year 2002. The legislation will raise more revenue from the users and will do so in a way that improves economic efficiency compared to the existing fuel tax, by more closely aligning the costs of those who use the Corps locks for commerce with the capital costs that the Corps incurs on their behalf. The administration stands ready to work with the Congress and stakeholders with interest in these capital investments to help pass and implement this proposal. The amount provided in the fiscal year 2010 budget for construction and rehabilitation of projects on the inland waterway system, \$85 million, has been constrained to ensure that necessary funding will be available in the IWTF under current law, in the event that the proposed legislation is not in place prior to the beginning of fiscal year 2010.

OTHER INITIATIVES

Response to Climate Change at Corps Facilities

The Corps is working, along with other Federal agencies, to address the implications of climate change, which has the potential to affect the way in which the Corps manages its projects. The fiscal year 2010 budget includes \$5 million in the O&M account to initiate a program to develop and begin implementing practical, nationally consistent, and cost-effective approaches and policies to reduce potential vulnerabilities to water infrastructure resulting from climate change.

Nationwide Evaluation of Hydropower Rehabilitation

The budget includes \$2 million in the O&M account to conduct a nationwide assessment of the Corps hydropower program. This initiative will help to develop a long-term programmatic investment strategy based on a national approach to prioritizing hydropower replacement studies and projects.

Low Commercial Use Navigation Pilot Project

The budget emphasizes the safe and reliable operation of key infrastructure assets that are of central importance to the Nation, including federally maintained channels and harbors that support high volumes of commercial commerce. From a national perspective, projects that no longer carry significant commercial traffic nor serve to meet subsistence or safety needs have a lower priority. However, many of these low commercial use projects remain important locally to the people that they serve.

The fiscal year 2010 budget includes a \$1.5 million pilot project in the O&M account to develop and encourage alternate non-traditional ways to fund maintenance of low commercial use harbors and waterways. The pilot project would focus on the Atlantic Coast and Chesapeake Bay in the North Atlantic and South Atlantic Divisions of the Corps. It will identify the universe of Federal harbors and inland waterway segments that support lower levels of commercial use and their respective non-Federal sponsors. The project will also formulate a range of possible long-term options for the funding and management of such facilities, evaluate the pros and cons of these options, and examine their applicability to the various types of low use navigation projects. This initiative also envisions that more regional general permits

will be developed through the Corps' Regulatory Program to streamline efforts by non-Federal entities to accomplish the maintenance of these channels harbors.

PLANNING IMPROVEMENTS AND PERFORMANCE-BASED BUDGETING

The Army continues working through the Chief of Engineers to strengthen and improve the planning expertise of the Corps, including greater support for planning Centers of Expertise, better integration of project purposes, and greater reliability of cost estimates and schedules in both planning and programming processes. These efforts have already begun and will ultimately improve all of our project reports.

The fiscal year 2010 budget continues the Civil Works program's commitment to a performance-based approach to budgeting. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using multiple metrics. The Army used and will continue to use objective, performance criteria to guide its recommendations on the allocation of funds.

The Army applied objective performance guidelines to its many competing construction projects in order to establish priorities among them and to guide the allocation of funds to high-performing ongoing projects and high-performing new construction starts. These guidelines focus construction funds on those investments within the three main mission areas of the Corps that provide the best return from a national perspective in achieving economic, environmental, and public safety objectives. Similarly, the Army used objective performance criteria to allocate O&M funds in the fiscal year 2010 budget. The O&M criteria consider both the condition of the project and the potential consequences for project performance if the O&M activity were not undertaken in fiscal year 2010.

In fiscal year 2010 the Corps will focus efforts on developing new strategies, along with other Federal agencies and non-Federal project partners, to better manage, protect, and restore the Nation's water and related land resources, including floodplains, flood-prone areas, and related ecosystems. The Corps also will continue to pursue management reforms that improve project cost and schedule performance to ensure the greatest value from invested resources, while strengthening the accountability and transparency of the way in which taxpayer dollars are being spent.

AMERICAN RECOVERY AND REINVESTMENT ACT

The American Recovery and Reinvestment Act provided \$4.6 billion for the Civil Works program. That amount included \$2 billion for the Construction account; \$2.075 billion for O&M account; \$375 million for Flood Control, Mississippi River and Tributaries; \$25 million for Investigations; \$25 million for the Regulatory Program; and \$100 million for the Formerly Used Sites Remedial Action Program. Economists estimate the Corps' Recovery Act appropriation will create or maintain approximately 57,400 direct construction industry jobs and an additional 64,000 indirect and induced jobs in firms supplying or supporting the construction and the businesses that sell goods and services to these workers and their families.

The Corps will manage and expend these funds so as to achieve the Recovery Act's stated purposes, including both commencing expenditures as quickly as possible consistent with prudent management and investing in infrastructure and ecosystem restoration that will provide long-term benefits. The Civil Works allocations also are fully consistent with the President's direction provided in the Executive Memorandum of March 20, 2009—Ensuring Responsible Spending of Recovery Act Funds. In that Memorandum, the President directed agencies to ensure that Recovery Act funds are spent responsibly and transparently and that projects are selected on merit-based principles.

Moreover, the Civil Works allocations are consistent with additional project selection criteria provided in the Conference Committee report accompanying the act that projects, programs or activities that are accomplished with Recovery Act dollars will be obligated and executed quickly; will result in high, immediate employment; have little schedule risk; will be executed by contract or direct hire of temporary labor; and will complete a project phase, a project, an element, or will provide a useful service that does not require additional funding. Also as stipulated in the Recovery Act, no funds will be used for any PPA that, at the time of the obligation, has not received appropriations provided for Energy and Water Development.

The Corps selected approximately 170 activities in the Construction account, 520 in the Operation and Maintenance account, 45 in the Mississippi and Tributaries account, 70 in the Investigations account, and 9 in the FUSRAP account. These activities mostly involve the funding of work under a single contract, though in some cases projects or useful increments of projects will be completed.

The wide geographic distribution of projects spreads the employment and other economic benefits across the United States. Funding also is distributed across Civil

Works programs to provide the Nation with project benefits related to inland and coastal navigation, the environment, flood risk management, hydropower, recreation, and more.

CONCLUSION

The administration has made rebuilding America's infrastructure a priority. Through resources provided for the Army Civil Works program in the President's budget for fiscal year 2010, the Corps can help achieve this objective. We seek to apply 21st century technological advances to present day challenges, while protecting and restoring significant ecological resources.

Mr. Chairman, I am proud to support the fiscal year 2010 budget for the Army Civil Works program. I look forward to working with this subcommittee and to your support of the President's Budget proposals. Thank you.

ENCLOSURE 1

DEPARTMENT OF THE ARMY—CORPS OF ENGINEERS—CIVIL WORKS BUDGET SUMMARY, FISCAL YEAR 2010

	Amount
Requested New Appropriations by Account:	
Investigations	\$100,000,000
Construction	¹ 1,718,000,000
Operation and Maintenance	² 2,504,000,000
Regulatory Program	190,000,000
Mississippi River and Tributaries	248,000,000
Expenses	184,000,000
Flood Control and Coastal Emergencies	41,000,000
Formerly Utilized Sites Remedial Action Program	134,000,000
Office of the Assistant Secretary	6,000,000
TOTAL	5,125,000,000
Sources of New Appropriations:	
General Fund	(4,204,000,000)
Harbor Maintenance Trust Fund	(793,000,000)
Inland Waterways Trust Fund	(85,000,000)
Special Recreation User Fees	(43,000,000)
TOTAL	(5,125,000,000)
Additional New Resources:	
Rivers and Harbors Contributed Funds	³ 369,000,000
Coastal Wetlands Restoration Trust Fund	⁴ 86,000,000
Permanent Appropriations	9,000,000
TOTAL ADDITIONAL NEW RESOURCES	464,000,000
TOTAL PROGRAM FUNDING	5,589,000,000

¹ Includes \$85,000,000 from the Inland Waterways Trust Fund.

² Includes \$793,000,000 from the Harbor Maintenance Trust Fund and \$43,000,000 in Special Recreation User Fees.

³ Cost Sharing contributions required by law for budgeted work financed 100 percent by non-Federal interest.

⁴ Transferred from the Sport Fish Restoration Account of the Aquatic Resources Trust Fund for planning, protection, and restoration of coastal wetlands in the State of Louisiana.

Senator DORGAN. Mr. Salt, thank you very much. We appreciate your being here today.

General Robert L. Van Antwerp, the Chief of Engineers for the U.S. Army Corps of Engineers. Thank you for being here, General. You may proceed.

Let me just make the point that the written testimony that you have submitted will be made a part of the permanent record and you may summarize.

**STATEMENT OF LIEUTENANT GENERAL ROBERT VAN ANTWERP,
CHIEF OF ENGINEERS**

General VAN ANTWERP. Thank you very much, Chairman Dorgan. It's great to see you again and thanks for the opportunity to testify on the fiscal year 2010 President's budget.

I'd like to just set a couple of data points before I talk about the budget. For the Corps of Engineers, by the end of this year we'll have over \$40 billion obligated under contract. It's the largest in the history of the Corps and we're celebrating our 234th birthday on June 16. So it is really a historic time in the Corps.

In order to get this work done, we need to hire 3,300 people, and we are about halfway there. For the Recovery Act, those will be temporary hires and contracts. For the regular program, of which of that \$40 billion, \$10 billion of that will be in the Civil Works area that will be under contract by the end of this year. So this is a very, very exciting time.

A couple of other data points, the dams that are owned and operated by the Corps number 650. There are 10 of those dams that are in this budget for construction, for dam safety. We have over 12,000 miles of inland waterways that we're responsible for owning and operating. That really constitutes a lot of what enables the shipping industries to get goods to market.

We have 241 lock chambers at 195 different sites. Most of those were built about 52 years ago. In fact, the average is 52.5 years old for those lock chambers. So a lot of that O&M goes to getting at some of those facilities that greatly need that effort.

We have 926 harbors that are maintained by the Corps of Engineers. The amount of dredging material on a given year averages over 200 million cubic yards. Of course, the disposal of that and the beneficial use of that dredged material is of great concern to us, and we want to use that in the most beneficial manner.

We have over 11,000 miles of levees. Actually, that only constitutes about 16 percent of the levees in this country. Most of the Nation's levees are agricultural levees and others. But 16 percent of them are built and controlled by the Corps.

We have 75 generating plants in hydropower. We generate about 24 percent of the U.S. hydropower.

Then finally, just a data point, we had 370 million visitors to our project sites last year. It's really a great opportunity for recreation for the people of America.

This is a performance-based budget. It completes 10 projects, 4 in navigation, 6 are in flood and coastal storm damage reduction. Just broken down by percentage of this budget, 11 percent of the budget went for environmental things, 35 percent for navigation, and 32 percent for flood and coastal storm damage reduction.

In the construction program, it funds 93 construction projects, including the 10 dam safety that I mentioned, 9 projects that address significant risk to human safety, and 8 are project completions. There are five new starts in this budget.

The O&M, as you've mentioned, is a 14 percent increase and this is much needed because of the age of a lot of those facilities.

I want to give just a quick update on New Orleans. We're on track to make the 2011 hurricane season with the 100-year storm protection.

Just a quick word on Iraq and Afghanistan, over the course of the years we have deployed more than 10,000 people over there. A couple of weeks ago we had our first civilian death. So there has been mourning, but we are taking care of that family and doing what's right there.

PREPARED STATEMENT

Finally on the Recovery and Reinvestment Act, we anticipate by the end of this year, September 30, 2009, we'll have 45 percent of that \$4.6 billion obligated. It constitutes more than a thousand contract actions altogether.

Sir, thank you for the opportunity to be here this morning and I look forward to the questions.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL ROBERT VAN ANTWERP

Mr. Chairman and distinguished members of the subcommittee, I am honored to be testifying before your subcommittee today, along with the Acting Assistant Secretary of the Army (Civil Works), Mr. Terrence Salt, on the President's fiscal year 2010 budget for the United States Army Corps of Engineers' Civil Works Program.

My statement covers the following 5 topics:

- Summary of Fiscal Year 2010 Program Budget
- Investigations Program
- Construction Program
- Operation and Maintenance Program
- Value of the Civil Works Program to the Nation

SUMMARY OF FISCAL YEAR 2010 PROGRAM BUDGET

Introduction

The fiscal year 2010 Civil Works budget is a performance-based budget, which makes the best use of available funds through a focus on the projects and activities that provide the highest economic and environmental returns on the Nation's investment or address significant risk to human safety. The Civil Works budget consists of a discretionary funding request of \$5.125 billion and mandatory funding of \$464 million, for a total direct program of \$5.589 billion. In addition, Reimbursable Program funding, work that the Corps does for other agencies and entities with those agencies' and entities' funds, will be approximately \$2.5 billion.

Direct Program

The budget reflects the administration's commitment to the sound management of the Nation's water resources. The budget incorporates objective performance-based metrics for the construction and the operation and maintenance programs, and for proposed projects undergoing preconstruction engineering and design. It provides a high level of funding for maintenance, with a focus on those facilities that are of central importance to the Nation. It provides funding for the regulatory program to protect the Nation's waters and wetlands, and supports restoration of aquatic ecosystems. Additionally, it emphasizes the need to fund emergency preparedness and training activities for the Corps as part of the regular budget process.

Reimbursed Program

Through the Interagency and Intergovernmental Services Program we help non-DOD Federal agencies, State, local, and tribal governments, and other countries with technical assistance in the areas of planning, engineering and construction. Rather than develop an internal workforce to oversee large design and construction projects, these entities utilize the skills and talents that we bring to our own Civil Works and Military Program missions. Our support is primarily through the development of contracts with private sector firms to perform technical assistance and management of engineering, environmental, and construction projects. This portion of our work is totally reimbursed by the agencies and entities that seek our assistance.

Currently, we provide reimbursable support for about 70 Federal agencies and several State and local governments. Total reimbursement for such work in fiscal

year 2010 is projected to be approximately \$2.5 billion. The exact amount will depend on the extent of fiscal year 2010 assignments.

INVESTIGATIONS PROGRAM

The budget for the investigations program would enable the Corps to evaluate and design the future projects that are most likely to be high-performing, within the Corps three main missions: Commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The budget includes \$100 million for these and related activities in the Investigations account and \$2.084 million in the Mississippi River and Tributaries account.

This year the budget includes three new watershed studies, Ocmulgee River Basin Watershed, Georgia; Green River Watershed, Kentucky; and St. Louis Missouri River Watershed, Missouri; and a study addressing Access to Water Data. The budget also includes \$2 million for a high-priority, interagency evaluation of the Nation's vulnerability to damage from flooding, the Water Resources Priority study, as authorized in section 2032 of the Water Resources Development Act of 2007 (WRDA 2007).

CONSTRUCTION PROGRAM

The fiscal year 2010 budget includes \$1.718 billion in discretionary funding in the Construction account and \$87.343 million in the Mississippi River and Tributaries account to further this objective.

The budget funds 93 construction projects, including 10 dam safety assurance, seepage control, and static instability correction projects, 9 projects that address a significant risk to human safety, and 8 project completions. Also, the budget provides significant funding for Corps aquatic ecosystem restoration efforts in South Florida including the Everglades, and in the Columbia River Basin and the Missouri River Basin, where this work supports the continued operation of Corps of Engineers multi-purpose projects by meeting the requirements of the Endangered Species Act.

This budget includes funding for five new, high performing, construction projects. These include Washington, DC and vicinity flood risk reduction project; the Deep Creek Bridge Replacement, Virginia project on the Atlantic-Intercostal Waterway; the Norfolk Harbor, Craney Island, Virginia project; the Kansas City, Missouri and Kansas City, Kansas flood risk reduction project; and the Napa River Salt Marsh, California environmental restoration project.

The budget uses objective performance measures to establish priorities among projects, and through continued proposed changes in the Corps contracting practices, that will also increase control over future costs. The performance measures used include the benefit-to-cost ratios for projects whose primary outputs are economic and are measured by economic returns. The selection process also gives priority to dam safety assurance, seepage control, static instability correction, and to projects that address a significant risk to human safety. Under each of these criteria, resources are allocated based on performance. This approach significantly improves overall program performance.

OPERATION AND MAINTENANCE PROGRAM

As soon as the Corps constructs a project, the infrastructure begins to age. Generally, with periodic maintenance, we can operate our facilities for many years. The budget supports our continued stewardship of this infrastructure by focusing funding on key infrastructure that is of central importance to the Nation.

The Operation and Maintenance (O&M) program for the fiscal year 2010 budget includes \$2.504 billion in the O&M account and an additional \$158.573 million under the Mississippi River and Tributaries program. The Corps used objective performance criteria to allocate operation and maintenance funds to facilities. These criteria considered both the condition of the project and the potential consequences for project performance if the O&M activity is not undertaken in the 2010 budget. The focus is on the maintenance of key commercial navigation, flood and storm damage reduction, hydropower, and other facilities. Specifically, the operation and maintenance program supports completed works owned or operated by the Corps of Engineers. Other work to be accomplished includes dredging, repair, aquatic plant control, removal of sunken vessels, monitoring of completed coastal projects, and operation of structures and other facilities, as authorized in the various River and Harbor, Flood Control, and Water Resources Development Acts.

VALUE OF THE CIVIL WORKS PROGRAM TO THE NATION

We are privileged to be a part of an organization that directly supports the Nation's infrastructure. The way in which we manage our water resources can improve the quality of our citizens' lives and the environment in which we live.

For example, Corps personnel from across the Nation continue to re-construct and improve the storm damage reduction system for New Orleans. Their work will reduce the risk of damage from future storms to people and communities.

Research and Development

The Research and Development Program for the Civil Works Program provides innovative engineering products, some of which can have applications in the private sector and in the military infrastructure sphere as well. By creating products that improve the efficiency and competitiveness of the Nation's engineering and construction industry and providing more cost-effective ways to operate and maintain infrastructure, Civil Works program research and development contributes to the national economy.

CONCLUSION

The Corps of Engineers is committed to staying at the leading edge of service to the Nation. We're committed to change that ensures an open, transparent, and performance-based Civil Works Program.

Thank you, Mr. Chairman and members of the subcommittee. This concludes my statement.

Senator DORGAN. General, thank you. We appreciate your being here and your testimony.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

STATEMENT OF DEANNA ARCHULETA, ACTING ASSISTANT SECRETARY FOR WATER AND SCIENCE

ACCOMPANIED BY REED R. MURRAY, PROGRAM DIRECTOR, CENTRAL UTAH PROJECT COMPLETION ACT OFFICE

Senator DORGAN. Next we'll hear from Acting Assistant Secretary Deanna Archuleta. Thank you very much. You may proceed.

Ms. ARCHULETA. Thank you. Thank you, Mr. Chairman, Senators, subcommittee members. Thank you for the opportunity to appear before you in support of the President's fiscal year 2010 budget request for Bureau of Reclamation and the Central Utah Project Completion Act. With me today are Mike Connor, Commissioner of Bureau of Reclamation, and additionally we have Reed Murray, the Director of the Central Utah Project Completion Act office, should you have any questions regarding that program.

I have submitted written testimony which presents a detailed summary of the Department's appropriation request. Today I would like to highlight the Department's 2010 priorities and touch briefly on Reclamation and the Central Utah Project request, before turning it over to Commissioner Connor for a more detailed discussion on Reclamation's request.

The Department of the Interior's mission is complex and multifaceted. Our program's missions stretch from the North Pole to the South Pole, across 12 different time zones, from the Caribbean to the Pacific Rim. Nearly every American lives within 1 hour driving distance from either our lands, our waters, all of which are managed by the Department of the Interior. As Secretary Salazar has said, the Department of the Interior is truly the Department of America.

Our fiscal year 2010 budget of \$12.1 billion will position us to provide enduring benefits to the American people by maximizing our opportunities to realize the potential of our lands, our waters, our resources, and our people. As you know, the Department has released a detailed implementation plan for \$3 billion appropriated in the American Reinvestment and Recovery Act, which provided \$1 billion for programs funded by this subcommittee. The Department, Reclamation, and the Central Utah Project Completion Act programs are moving expeditiously with our customers to invest those funds, which will quickly provide jobs and stimulate the economy.

The fiscal year 2010 budget request for the Department of the Interior focuses on creating new energy frontiers, tackling climate change impacts, including the emphasis on water conservation, protecting America's treasures, and establishing a 21st Century Youth and Conservation Corps. And our fiscal year 2010 budget also as-

sumes commitment to restoring the integrity of our Government to Government relationships with our Indian tribes and empowering our Native American communities.

This is an overwhelming need to tackle climate change impacts. The key aspects of climate impacts, particularly in the West, are an increased variability of our water supplies. Our fiscal year 2010 Reclamation budget is proposing water conservation initiatives of \$46 million, which will take significant steps toward addressing western water issues through three ongoing programs: an expansion of our water conservation challenge grant program, Reclamation's basin study program, and the title 16 water reclamation and reuse program. Through these programs, Reclamation will provide competitive grants for water marketing and conservation projects, basin wide planning studies that will address impacts of climate change and continued funding of water reuse and recycling projects.

With regards to the programs under the jurisdiction of this subcommittee, the fiscal year 2010 request for Bureau of Reclamation and the Central Utah Project Completion Act is \$1.1 billion. I will defer to Commissioner Connor to discuss the details of Reclamation's request, but note that their 2010 proposals support managing, developing, protecting water and the related resources in an environmentally and economically sound manner.

Reclamation continues to strive for the highest levels of service to the American people and the highest levels of management excellence.

The request for implementation for the Central Utah Project Completion Act is \$42 million. The fiscal year 2010 funding provides funding for design, construction, and features of the Utah lake system, continues to implement water management improvement projects, as well as implementing fish, wildlife, and recreation mitigation, as well as other conservation projects.

Through the Department's fiscal year 2010, we have a tremendous opportunity to improve the future of our children and our grandchildren with wise investments in clean energy, climate impacts, treasured landscapes, our youth, and the empowerment of Native Americans.

PREPARED STATEMENTS

I appreciate the strong support this subcommittee has given the Department, in particular to the Bureau of Reclamation and to the Central Utah Project. I look forward to working with all of you in advancing those goals of all of our programs and would be happy to answer any questions you may have.

[The statements follow:]

PREPARED STATEMENT OF DEANNA ARCHULETA

Mr. Chairman, Mr. Bennett, and members of this subcommittee, I am pleased to appear before this subcommittee today to discuss the President's fiscal year 2010 budget for the Department of the Interior and to update you on progress in implementing our fiscal year 2009 programs.

The Department of the Interior's mission is complex and multifaceted. Our programs and mission stretch from the North Pole to the South Pole and across 12 time zones, from the Caribbean to the Pacific Rim. Our extensive mandate rivals any government agency in its breadth and diversity—and its importance to the everyday lives of Americans.

Interior manages 500 million acres or about 1 in every 5 acres in the United States, including 391 national park units, 550 wildlife refuges, the 27 million-acre National Landscape Conservation System, and other public lands. These places are treasured landscapes and serve as economic engines for tourism and growth opportunities for recreation, wildlife conservation, and responsible resource use.

The Department's public lands and 1.7 billion acres on the Outer Continental Shelf supply nearly one-third of the Nation's domestic energy production. These resources are vital to the Nation's energy security and provide economic returns to the Nation. In fiscal year 2010, an estimated \$14.0 billion in revenues will be generated from these lands and waters.

The Department fulfills its special responsibilities to Native Americans managing one of the largest land trusts in the world including over 56 million acres held in trust for Indian tribes and individual Indians, over \$3.4 billion of funds held in over 2,700 tribal trust accounts, and over 380,000 open individual Indian Money accounts. The Bureau of Indian Education school system provides services to approximately 42,000 students in 23 States attending 183 elementary and secondary schools and supports 30 tribally controlled community colleges, universities, and post-secondary schools.

THE FIRST 100 DAYS

Recently, President Obama and Secretary Salazar marked their first 140 days in office. It has been an exciting time as Secretary Salazar has begun to change how the Department of the Interior does business. He has already implemented changes to improve accountability, transparency, and ethical reform; established a vision for a new energy frontier that will help to produce and transmit renewable energy from our public lands; set an agenda for protecting America's open spaces and treasured landscapes with stewardship based on sound science; began strengthening the government-to-government relationship with Indian tribes; announced a new 21st Century Youth Conservation Corps; and implemented the President's economic recovery plan.

The Department has released detailed implementation plans for \$3 billion appropriated in the American Recovery and Reinvestment Act that could significantly improve the safety and energy efficiency of our facilities; the reliability of our water infrastructure; and habitat for wildlife including endangered species.

Thanks to your support, the Recovery Act provided \$1 billion for the programs funded by this subcommittee.

The Department, Reclamation and the Central Utah Project Completion Act program are moving expeditiously with our customers to invest funds appropriated by the Recovery Act in projects which will quickly provide jobs and stimulate the economy. As Secretary Salazar announced on April 15, \$945.2 million is being devoted to Reclamation recovery projects in six program investments areas:

- Meeting Future Water Supply Needs—\$450.9 million
- Infrastructure Reliability and Safety—\$164.5 million
- Environmental/Ecosystem Restoration—\$236.3 million
- Green Buildings—\$13.5 million
- Water Conservation Initiative (Challenge Grants)—\$40.0 million
- Emergency Drought Relief—\$40.0 million

As permitted by the Recovery Act, \$50.0 million is being transferred to the Department's Central Utah Project Completion Act for work that includes continuing construction of both the Spanish Fork Canyon Pipeline and the Spanish Fork—Provo Reservoir Canal Pipeline, as well as the construction of the Big Springs Fish Hatchery for the Ute Indian Tribe. Finally, as permitted by the statute, \$4.8 million is being set aside for management and oversight.

OVERVIEW OF THE FISCAL YEAR 2010 BUDGET

The fiscal year 2010 Interior budget request for current appropriations is \$12.1 billion, \$802.0 million or 7.1 percent above the level enacted by Congress for fiscal year 2009. This comparison excludes \$3 billion enacted in the Recovery Act. Permanent funding that becomes available as a result of existing legislation, without further action by the Congress, will provide an additional \$6.1 billion, providing a total of \$18.2 billion for Interior in fiscal year 2010.

The request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded under the jurisdiction of this subcommittee, is \$1.2 billion for net discretionary funding. This is a decrease of \$37.4 million below the level enacted for fiscal year 2009. This comparison excludes \$1 billion in enacted Recovery Act funding. The fiscal year 2010 Reclamation discretionary budget request is \$985.6 million in current appropriations and the request for the Central Utah Project is \$42.0 mil-

lion, the same as fiscal year 2009 enacted. The decreases in Reclamation are primarily in title XVI and rural water, areas that received significant increases through the Recovery Act (\$135 million for title XVI and \$200 million for rural water projects) and through earmarks in fiscal year 2009. These decreases are also somewhat offset by fiscal year 2010 increases for the new Water Conservation Initiative, the dam safety program, the Central Valley Project, and increases in several other programs.

TACKLING CLIMATE IMPACTS

There is an overwhelming need to tackle climate change impacts. With lands that range from the Arctic to the Everglades, Interior's managers expect to observe the sometimes dramatic effects of a changing climate, including thawing permafrost and melting glaciers, changes in precipitation patterns, and sea level rise. In this dynamic context, Interior managers need information, tools, and resources to measure, understand, and respond to on-the-ground impacts. As the largest land manager in the Nation, Interior is positioned to pioneer adaptive management approaches to address the effects of climate change.

WATER CONSERVATION INITIATIVE

A key aspect of climate impacts, particularly in the West, is increased variability of water supplies. The request includes funding for a comprehensive water conservation program focused on expanding and stretching limited water supplies in the West to reduce conflict, facilitate solutions to complex water issues, and meet the growing needs of expanding municipalities, the environment, and agriculture.

The Department of the Interior has an important role to play in providing leadership and assistance to States, tribes, and local communities to address these competing demands for water. In fiscal year 2010, Reclamation is proposing a Water Conservation Initiative (WCI), at \$46 million, which will take a significant step toward addressing western water issues through three ongoing programs. The WCI includes: (1) an expanded Water Conservation Challenge Grant Program (increased by \$26 million over fiscal year 2009); (2) Reclamation's Basin Study Program; and (3) the title XVI Water Reclamation and Reuse Program. Through these programs, Reclamation will provide competitive grants for water marketing and conservation projects, and basin-wide planning studies that will provide projections of future water supply and demand on a basin-wide scale and address the impacts of climate change and drought.

The Bureau of Reclamation's fiscal year 2010 net discretionary budget request of \$1.0 billion is offset by \$35.1 million in funds from the Central Valley Project Restoration Fund. This request supports Reclamation's mission of managing, developing, and protecting water and related resources in an environmentally and economically sound manner in the interest of the American people. The budget emphasizes reliable water delivery and power generation by requesting more than \$427.2 million to fund operation, maintenance, and rehabilitation activities at Reclamation facilities.

To address important infrastructure funding needs, the budget includes an increase of \$13.6 million for the Bureau of Reclamation's Safety of Dams program. This will allow the Bureau to address corrective actions at Folsom Dam and other high priority projects.

Reclamation is currently developing programmatic criteria for a Rural Water Program as required under the Reclamation Rural Water Supply Act of 2006. Reclamation expects to begin appraisal level studies in fiscal year 2009. The fiscal year 2010 budget includes \$64.0 million for seven ongoing authorized rural water projects. Within this, \$48.7 million supports the administration's commitment to complete seven ongoing authorized rural water projects including ongoing municipal, rural and industrial systems for the Pick Sloan-Missouri Basin Program—Garrison Diversion Unit in North Dakota; the Mni Wiconi and Perkins County in South Dakota, Lewis and Clark in South Dakota, Iowa, and Minnesota; Ft. Peck and North Central Mountain/Rocky Boys in Montana; and Jicarilla in New Mexico. Funding for the required operations and maintenance component of rural water projects is \$15.3 million for fiscal year 2010. For the construction component, Reclamation allocated funding based on objective criteria that gave priority to projects nearest to completion and projects that serve tribal needs.

The \$54.2 million budget for Animas-La Plata provides for directional drilling and pipeline construction on the Navajo Nation Municipal Pipeline, the first fill of Lake Nighthorse and construction of County Road 211 relocation will continue.

The Bureau will complete removal of the Savage Rapids Dam in fiscal year 2010. The budget includes \$23.7 million for the Middle Rio Grande project to continue to

focus on the protection and recovery of the silvery minnow and southwestern willow flycatcher.

The fiscal year 2010 request includes \$2.0 million for the Bureau of Reclamation and \$2.0 million for the U.S. Fish and Wildlife Service to further assess the costs and benefits of removing PacifiCorp's four dams on the Lower Klamath River. These studies will be conducted by Reclamation and FWS in coordination with BLM, BIA, the U.S. Forest Service, and the National Oceanic and Atmospheric Administration's National Marine Fisheries Service. The results of the study will be used by the Federal Government to determine if the potential benefits outweigh the costs of dam removal. Consideration will be given to the liabilities, environmental risks, and effects on downstream resources resulting from dam removal.

The budget request for CALFED is \$31.0 million, continuing implementation of priority activities that will resolve water conflicts in the Bay-Delta of California. Funds will be used for water storage, the conveyance program, water recycling and conservation, the science program, water quality assurance investigations, ecosystem restoration projects, and the oversight function to ensure program balance and integration.

PICK SLOAN LEGISLATIVE PROPOSAL (BUREAU OF RECLAMATION)

The fiscal year 2010 budget request for Reclamation is accompanied by a proposal that will affect receipt levels in fiscal year 2010 and in future years. This proposal will be transmitted separately from the budget for consideration by congressional authorizing committees. The proposal is for a reallocation of the repayment of capital costs for the Pick-Sloan Missouri Basin program.

CONCLUSION

Thank you for the opportunity to testify on behalf of the President's fiscal year 2010 budget request for the Department of the Interior. I want to reiterate my appreciation for the long-standing support of this subcommittee. Our fiscal year 2010 budget will—in its entirety—make a dramatic difference for the American people. We have a tremendous opportunity to improve the future for our children and grandchildren with wise investments in clean energy, climate impacts, treasured landscapes, our youth, and the empowerment of Native Americans. This concludes my overview of the fiscal year 2010 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.

PREPARED STATEMENT OF REED R. MURRAY

My name is Reed Murray. I serve as the Program Director of the Central Utah Project Completion Act Office under the Assistant Secretary—Water and Science in the Department of the Interior. I am pleased to provide the following information about the President's fiscal year 2010 budget for implementation of the Central Utah Project Completion Act.

The Central Utah Project Completion Act, titles II–VI of Public Law 102–575, provides for completion of the Central Utah Project (CUP) by the Central Utah Water Conservancy District. The act also authorizes funding for fish, wildlife, and recreation mitigation and conservation; establishes an account in the Treasury for deposit of these funds and other contributions; establishes the Utah Reclamation Mitigation and Conservation Commission to coordinate mitigation and conservation activities; and provides for the Ute Indian Rights Settlement.

The act provides that the Secretary may not delegate his responsibilities under the act to the Bureau of Reclamation. As a result, the Department has established an office in Provo, Utah, with a Program Director to provide oversight, review and liaison with the District, the Mitigation Commission, and the Ute Indian Tribe, and to assist in administering the responsibilities of the Secretary under the act.

The 2010 request for the Central Utah Project Completion Account provides \$42.0 million for use by the District, the Mitigation Commission, and the Department to implement titles II–IV of the act. The project is currently scheduled to be completed by 2021.

The fiscal year 2010 request for the District includes \$37.7 million to fund the designs, specifications, land acquisition, and construction of the Utah Lake System (\$30.8 million); to implement water conservation measures (\$5.9 million); and to implement groundwater conjunctive use projects (\$1.0 million).

The request includes \$1.5 million for the Mitigation Commission. Approximately \$1.2 million will be used to implement the fish, wildlife, and recreation mitigation

and conservation projects authorized in title III. The Commission will use the remaining portion (\$271,200) for completing mitigation measures committed to in pre-1992 Bureau of Reclamation planning documents.

Finally, the request includes \$2.8 million for the Program Office for operation and maintenance costs associated with instream flows; \$1.1 million for fish hatchery facilities; and \$1.7 million for program administration.

In conclusion, we appreciate the opportunity to testify before the subcommittee and would be happy to respond to any questions.

Senator DORGAN. Madam Secretary, thank you very much for being here.

Commissioner Connor, welcome. You may proceed.

STATEMENT OF MICHAEL L. CONNOR, COMMISSIONER

ACCOMPANIED BY BOB WOLF, DIRECTOR OF PROGRAM AND BUDGET

Mr. CONNOR. Thank you, Mr. Chairman.

Mr. Chairman, Senator Bond, Senator Alexander, thank you for the opportunity to appear before you today in support of the President's fiscal year 2010 budget request for the Bureau of Reclamation. With me today is Bob Wolf, who is our Director of Program and Budget.

Mr. Chairman, I'd just like to say it's very much a pleasure for me to be here at the witness table today. But as I told Roger and Scott earlier, I'm soon to find out that it's much more comfortable to do these hearings behind the dais, I think, than where I am today.

The fiscal year 2010 discretionary budget request for Reclamation is \$986 million. I have submitted written testimony. In the interest of time, as well as the fact that as a former Senate staff member, I should know the value of brevity, I'll quickly summarize three areas of the budget that we want to focus on. I also want to talk a little bit about Secretary Salazar's Water Conservation Initiative, which the Assistant Secretary just mentioned.

The first area is maintaining our existing infrastructure. Reclamation's budget reflects the need to maintain our existing portfolio of projects. Reclamation has 476 dams, 348 reservoirs, 58 power plants, and many other water delivery facilities. Much of that infrastructure is at least 50 years or older and its proper operation and maintenance is our top priority.

About \$427 million of Reclamation's discretionary budget is dedicated to making sure that our facilities are operated and maintained in a safe and reliable fashion. This is a 21 percent increase just over the last 2 years, but providing adequate funding for these activities continues to be one of Reclamation's highest priorities.

Part of that program is our dam safety program. In Reclamation's infrastructure portfolio there are 371 dams and dikes that could result in loss of life if they were to fail. These structures form the core of Reclamation's Dam Safety Program. A total of \$102 million is requested for this program, which is about a \$14 million increase over the 2009 enacted level.

The second area I want to focus on is new water development. Reclamation continues to be actively involved in programs to develop new water supplies and infrastructure. Examples of these ongoing water development activities in the fiscal year 2010 budget request include: the Animas-La Plata project, for which there is

\$54 million allocated to continue implementation of the Colorado Ute Settlement Act and Rural water programs.

The budget includes \$64 million in fiscal year 2010 funding for water systems to deliver surface water to Indian and non-Indian communities in the Great Plains Region. These projects provide good quality water to rural areas where existing water supplies are either nonexistent or of very poor quality. The request includes funding for seven ongoing authorized rural water projects and funding for the O&M requirements that Reclamation has for the tribal water features is \$15.3 million and about \$49 million supports the administration's commitment to completing construction of the Mni Wiconi Project in South Dakota, the Garrison Unit in North Dakota, Lewis and Clark in South Dakota, Iowa, and Minnesota, Fort Peck in Montana, and for the first time we have included a budget request for Perkins County in South Dakota, Jicarilla Apache Project in New Mexico, and the North Central Montana Rocky Boys Project in Montana.

Overall, the request for rural water projects will continue the substantial investment made in recent years, including the \$200 million in Recovery Act funding that Reclamation is currently in the process of allocating.

The fiscal year 2010 budget also requests \$2.3 million for the establishment of the formal rural water supply program required under title 1 of the Rural Water Supply Act of 2006 and we hope to get that program up and going by fall of this year.

The third area is the environmental and ecosystem restoration programs that Reclamation has. Reclamation works to meet the increasing water demands of the West while protecting the environment. Reclamation has an established role in restoring aquatic habitat that is impacted by historic development and is working on a large number of restoration programs that are necessary to maintain compliance with the Endangered Species Act.

Accordingly, the 2010 budget continues focus on these challenges, including increases for several programs addressing environmental issues. Some examples include a \$15 million request for the Red Bluff Pumping Plant, which is part of the Central Valley Project in California. Additionally, you will see an increase in the Lower Colorado River Operations Program to fund the multi-species conservation program which is key to ESA compliance in the lower Colorado River.

Finally, as I mentioned, I want to talk a little bit about Secretary Salazar's water conservation initiative. It's one of the most significant and exciting elements of our fiscal year 2010 budget. In fiscal year 2010, Reclamation will implement the water conservation initiative to expand and stretch limited water supplies in the West, to reduce conflict, facilitate solutions to complex water issues, and meet the growing needs of municipalities, the environment, and agriculture.

The fiscal year 2010 budget provides \$46 million in funding for the water conservation initiative. This includes a \$26 million increase in challenge grants for fiscal year 2010 and Reclamation will use these—will provide these grants on a cost shared basis in the areas—to facilitate water transfers between willing sellers and buyers, water efficiency and conservation projects, and projects

that improve water management by increasing operational flexibility in our systems, and finally, pilot and demonstration projects that demonstrate the viability of treating and using brackish ground water, sea water, or impaired waters within a specific locale.

Within the funding requested in 2010, Reclamation will be able to fund at least 110 new water conservation projects. These projects will be required to be completed within 2 years from the date of funding and therefore will have a near-term impact on water savings. The initiative also incorporates the basin study program, in which Reclamation will work with State and local partners to initiate comprehensive water supply and demand studies in the West.

A final piece for the water conservation initiative is funding for the title XVI Water Reclamation and Reuse Program. The funding requested in the 2010 budget is in addition to a substantial amount of funding provided by Congress in the Recovery Act.

PREPARED STATEMENT

Mr. Chairman, please allow me to express my sincere appreciation for the continued support that this subcommittee has provided Reclamation.

This completes my statement. I'll be happy to answer questions at the appropriate time.

[The statement follows:]

PREPARED STATEMENT OF MICHAEL L. CONNOR

Thank you, Mr. Chairman, Mr. Bennett and members of the subcommittee, for the opportunity to appear before you in support of the President's fiscal year 2010 budget request for the Bureau of Reclamation. With me today is Bob Wolf, Director of Program and Budget.

I appreciate the time and consideration this subcommittee gives to reviewing and understanding Reclamation's budget and its support for the program. Reclamation works hard to prioritize and define our program in a manner that serves the best interest of the public and those who rely on Reclamation for their water and power.

Our fiscal year 2010 request continues support to activities that deliver water and generate hydropower, consistent with applicable State and Federal law, in an environmentally responsible and cost-effective manner.

The proposed funding will allocate funds to projects and programs based on objective and performance-based criteria to most efficiently implement Reclamation's programs and its management responsibilities for the water and power infrastructure in the West. The President's budget request emphasizes the following principle: enhancing management of our water infrastructure and programs in the West by eliminating program redundancies, leveraging partnerships with our western stakeholders and maximizing opportunities for competitive processes.

The fiscal year 2010 request for Reclamation totals \$1.0 billion in gross budget authority. This takes into consideration the effects of the legislation that, beginning in fiscal year 2010, redirects an estimated \$5.6 million for Friant surcharges from the Central Valley Project Restoration fund to the San Joaquin River Restoration Fund. The request also is partially offset by discretionary receipts in the Central Valley Project Restoration Fund of \$35.1 million. The resulting net discretionary request for Reclamation is \$985.6 million.

WATER AND RELATED RESOURCES

The fiscal year 2010 request for Water and Related Resources is \$893.1 million. The request for Water and Related Resources includes a total of \$465.9 million for water and energy, land, and fish and wildlife resource management activities (which provides for construction and management of Reclamation lands, and actions to address the impacts of Reclamation projects on fish and wildlife). The request also includes \$427.2 million for facility operations, maintenance, and rehabilitation activi-

ties which is used to ensure sound and safe ongoing operations. Adequate funding for facility operations, maintenance, and rehabilitation continues to be one of Reclamation's highest priorities. Reclamation continues to work closely with water users and other stakeholders to ensure that available funds are used effectively. These funds are used to allow the timely and effective delivery of project benefits; ensure the reliability and operational readiness of Reclamation's dams, reservoirs, power plants, and distribution systems; and identify, plan, and implement dam safety corrective actions and site security improvements.

Highlights of the Fiscal Year 2010 Request for Water and Related Resources

I would like to share with the subcommittee several highlights of the Reclamation budget, including one of the most significant and exciting elements of our 2010 request, the Water Conservation Initiative. In fiscal year 2010, Reclamation will implement the Water Conservation Initiative focused on expanding and stretching limited water supplies in the West to reduce conflict, facilitate solutions to complex water issues, and to meet the growing needs of expanding municipalities, the environment, and agriculture.

Water Conservation Initiative (WCI) (\$46.0 million).—Of this amount, \$37.2 million appears as the Water Conservation Initiative line item. The remaining \$8.8 million is funded in specific title XVI water reclamation and reuse projects.

The American West is now the fastest growing region of the country and faces serious water challenges. Competition for finite water supplies, including water for environmental needs, is increasing as the need for water continues to grow. At the same time, extended droughts are impacting water availability and climate change is likely to compound the situation. With an increase of \$26 million in fiscal year 2010, Reclamation will help address these concerns by providing cost-shared grants, on a competitive basis, through the Water Conservation Initiative. The Water Conservation Challenge Grants (previously Water for America Challenge Grants) provide the following types of on-the-ground projects: (1) Water marketing projects with willing sellers and buyers, including water banks that transfer water to other uses to meet critical needs for water supplies; (2) water efficiency and conservation projects that allow users to decrease diversions and to use or transfer the water saved; (3) projects that improve water management by increasing operational flexibility (constructing aquifer recharge facilities or making system optimization and management improvements); and (4) pilot and demonstration projects that demonstrate the technical and economic viability of treating and using brackish groundwater, seawater, or impaired waters within a specific locale. All grant proposals will be evaluated using criteria that give priority to projects that save the most water, facilitate transfers to new uses, address endangered species and other environmental issues, improve energy efficiency, conserve Reclamation project water, and exceed the minimum 50 percent non-Federal cost-share requirement.

With the funding requested in fiscal year 2010, Reclamation will be able to fund at least 110 new water conservation projects. The WCI competitive grant projects will be required to be completed within 2 years from the date of funding. As a result, projects funded under the WCI will have a near-term impact on water savings. Reclamation believes that water conservation, use of markets, and improved efficiency are crucial elements of any plan to address western water issues. With the WCI grants, Reclamation will take an important step towards increasing conservation and efficiency on a West-wide basis.

The WCI also incorporates the Basin Study Program in which Reclamation will work with State and local partners to initiate comprehensive water supply and demand studies in the West. Each study includes state of the art projections of future water supply and demand on a basin-wide scale; analysis of how the basin's existing water and power operations and infrastructure will perform in the face of changing water realities; and recommendations on how to optimize operations and infrastructure in the basin to supply adequate water in the future.

The title XVI, Water Reclamation and Reuse Program also contributes to water conservation in the Western United States, and is included in the WCI. The request includes \$9.0 million to make available cost-shared funding for ongoing title XVI construction projects, research activities, and feasibility studies (\$8.8 million directly supports named projects, \$200,000 is used by the Commissioner's Office for administrative support of the program). Title XVI projects develop and supplement urban and irrigation water supplies through water reuse, thereby improving efficiency, providing flexibility during water shortages, and diversifying the water supply. There is also \$3.0 million for water reclamation funded in the California Bay-Delta program under the Water Use Efficiency activity.

Other significant programs and highlights include:

Animas-La Plata in Colorado and New Mexico (\$54.2 million).—The fiscal year 2010 President's budget request will continue implementation of the Colorado Ute Settlement Act. This funding will provide for directional drilling and pipeline construction of the Navajo Nation Municipal Pipeline, the first fill of Lake Nighthorse, and construction of County Road 211 Relocation and other required relocations. In addition to construction funding, this request includes funding for operation and maintenance of improvements for wetland and wildlife mitigation lands associated with the project.

Columbia/Snake River Salmon Recovery in Idaho, Oregon, Montana, and Washington (\$18.0 million).—This program implements actions under both the 2000 Biological Opinion issued by FWS and section 7(a)(2) of the Endangered Species Act as required by the 2008 Biological Opinion issued in May 2008 by the National Marine Fisheries Service. The fiscal year 2010 President's budget request will enable Reclamation to address the requirements in the 2008 Biological Opinion for actions to enhance tributary spawning and rearing habitat to offset the effects of the Federal Columbia River Power System (FCRPS) hydro system operations on salmon and steelhead survival. It also will fund Reclamation's involvement with non-Federal parties located in Idaho, Oregon, and Washington to modify screens and remove instream diversion-related barriers. As required by the 2008 FCRPS Biological Opinion, it will fund Reclamation's participation in the implementation of real-time operational measures, system flood control, and Columbia Basin Project actions associated with ESA listed species.

Klamath Project in Oregon and California (\$25.0 million).—The fiscal year 2010 President's budget request will continue funding for Reclamation to collaborate with other Federal and State agencies, tribes and the public to develop a basin-wide recovery plan that addresses water supply, water quality, fish habitat, and fish populations.

Klamath Dam Removal Study (\$2.0 million).—The fiscal year 2010 President's budget request includes \$2.0 million for the Bureau of Reclamation and \$2 million for the Fish and Wildlife Service (FWS) to further assess the costs and benefits of removing four privately-owned hydroelectric dams on the Lower Klamath River below the Federal project. The request will fund the study costs associated with preparing National Environmental Policy Act documentation. The FWS also has \$2.0 million in its request to support these studies. These studies will be conducted by Reclamation and FWS in coordination with BLM and BIA, the U.S. Forest Service, and the National Oceanic and Atmospheric Administration's National Marine Fisheries Service. Reclamation also allocated \$4.0 million in ARRA funding for these studies.

Lower Colorado River Operations Program in California, Arizona and Nevada (\$21.4 million).—The fiscal year 2010 President's budget request will provide funds for the work necessary to carry out the Secretary's responsibilities as water master of the lower Colorado River, including the development of the Shortage Guidelines and reservoir management strategies during low reservoir conditions. The fiscal year 2010 request funds measures under the multi-species conservation program to provide long-term Endangered Species Act compliance for lower Colorado River operations for both Federal and non-Federal purposes.

Middle Rio Grande in New Mexico (\$23.8 million).—The fiscal year 2010 President's budget request will continue funding for endangered species activities and Reclamation's participation in the Middle Rio Grande Endangered Species Act Collaborative Program as well as repair of priority river maintenance sites.

Platte River Endangered Species Recovery Program (\$12.7 million).—The President's fiscal year 2010 budget request for the Platte River Recovery Implementation Program is \$12.7 million. The agreement for the program was signed by then Secretary Kempthorne and the Governors of Nebraska, Colorado and Wyoming in late 2006. Platte River habitat is essential to the recovery of the whooping crane, interior least tern, piping plover, and pallid sturgeon (all threatened or endangered species).

Public Law 110-229 authorized the Secretary of the Interior, through Reclamation, and in partnership with the States of Wyoming, Nebraska, and Colorado, other Federal agencies, and other non-Federal entities to participate in the implementation of the Program for endangered species in the Central and Lower Plate River Basin and to modify Reclamation's Pathfinder Dam. No Federal appropriations are required to modify the Pathfinder Dam. Program activities include the acquisition of lands and water and contracting for habitat restoration projects.

Research & Development (\$12.9 million).—Reclamation's research and development program has two focus areas for fiscal year 2010: (1) Science and Technology (S&T) (\$9.2 million) which includes funding for the development of new solutions and technologies which respond to Reclamation's operational needs with priorities

in fiscal year 2010 for issues related to climate change and quagga mussels; and (2) the Desalination and Water Purification program (\$3.7 million) which conducts desalination research, development and demonstrations for the purpose of converting unusable waters into useable water supplies. The research is conducted through competitive, merit-based cooperative agreements on a cost-shared basis.

Rural Water Projects—Ongoing (\$64.0 million).—This request includes funding for seven ongoing authorized rural water projects. The first priority for funding rural water projects is the required operations and maintenance component, which is \$15.3 million for 2010. The budget also includes \$48.7 million to support the administration's commitment to complete construction of ongoing rural water projects including ongoing municipal, rural and industrial systems for Mni Wiconi and Perkins County (SD), the rural water component of the Garrison Diversion Unit (ND), Fort Peck (MT), Jicarilla Apache Reservation (NM), Rocky Boys (MT), Perkins County and Lewis and Clark (SD, IA, MN). For the construction component, Reclamation allocated funding based on objective criteria that gave priority to projects nearest to completion and projects that serve tribal needs.

Rural Water Program Development (\$2.3 million).—On December 22, 2006, the Rural Water Supply Act of 2006 was signed. The fiscal year 2010 President's budget requests \$2.3 million for title I of the statute that requires the Secretary to establish a formal rural water supply program for rural water projects in the 17 Western States. The act requires the establishment of programmatic and eligibility criteria for the rural water program along with other reporting requirements and criteria for appraisal and feasibility studies, and to establish clear guidelines for project development to help meet the water supply needs. Reclamation anticipates completing the final rule and beginning program implementation in late 2009.

Savage Rapids in Oregon (\$1.2 million).—The fiscal year 2010 President's budget request will provide funds for completing the removal of the main portion of the Savage Rapids Dam to allow the Grants Pass Irrigation District to comply with a Federal court consent decree requiring the District to cease irrigation diversions. The project is expected to be completed in 2010. Removal of this irrigation diversion dam and the installation of pumping facilities allows the local farming community to continue irrigated agriculture and remove a migration barrier for the threatened Southern Oregon and Northern California coho salmon.

Site Security (\$28.9 million).—The President's 2010 budget request for site security helps to ensure the safety and security of the public, Reclamation's employees and key facilities. Funding will support all aspects of Bureau-wide security efforts including physical security upgrades at high risk critical assets, law enforcement, risk and threat analysis, personnel security, information security, security risk assessments and security-related studies, and guards and patrols.

Under the provisions of section 513 of the Consolidated Natural Resources Act of 2008, Reclamation will collect \$18.9 million in security-related operation and maintenance costs in 2010. Approximately 60 percent of this amount is reimbursable through up-front revenues. Approximately 40 percent of this amount is appropriated and then reimbursed to projects through the normal operations and maintenance cost allocation process.

Safety of Dams (\$101.9 million).—The President's budget allows Reclamation to ensure that safety and reliability of Reclamation dams is one of the Bureau's highest priorities. The Dam Safety Program is critical to effectively manage risks to the downstream public, property, project, and natural resources. Of the budget request of \$101.9 million, \$50 million is for the Folsom Dam (CA), which has been identified as the Bureau's highest safety priority. Dam safety modifications, within the limits of enacted funding and latest information on risk, are planned to begin in 2010 for Glendo Dam (WY) and AR Bowman Dam (OR).

POLICY AND ADMINISTRATION

The \$61.2 million request in fiscal year 2010 funds the development, evaluation, and implementation of Reclamation-wide policy, rules, and regulations, including actions under the Government Performance and Results Act. These funds are also used for management and performance functions that are not chargeable to specific projects and required for ongoing Commissioner's activities.

CENTRAL VALLEY PROJECT RESTORATION FUND

This fund was established by the Central Valley Project Improvement Act, title XXXIV of Public Law 102–575, October 30, 1992. The request of \$35.4 million is expected to be offset by discretionary receipts totaling \$35.1 million, which is the maximum amount that can be collected from project beneficiaries under provisions of section 3407(d) of the act. The discretionary receipts are adjusted on an annual

basis to maintain payments totaling \$30.0 million (October 1992 price levels) on a 3-year rolling average basis.

The CVPRF request is a net of \$35.4 million. This excludes a redirection of an estimated \$5.6 million collected from the Central Valley Project Friant Division water users to the new San Joaquin River Restoration Fund beginning in fiscal year 2010 as authorized in Public Law 111-11, Omnibus Public Land Management Act of 2009. Previously, these funds went into the CVPRF as outlined in the Reclamation Projects Authorization and Adjustments Act of 1992, title XXXIV of Public Law 102-575, section 3406(c)(1). Under the Settlement Act, approximately \$15.9 million per year of payments from the Central Valley Project, Friant Division water users are deposited in the Fund and available without further appropriations to implement the provisions of the settlement. These funds will be used for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley Project area of California.

SAN JOAQUIN RIVER RESTORATION FUND

As referenced above, funding in fiscal year 2010 will be used to continue planning, engineering, environmental compliance, fisheries management, water operations, and public involvement activities related to the Restoration and Water Management goals in the Settlement. No funds are requested beyond the \$15.9 million that is available in mandatory spending.

CALIFORNIA BAY-DELTA RESTORATION FUND (CALFED)

Title I of Public Law 108-361, titled the Calfed Bay-Delta Authorization Act, was signed by the President on October 25, 2004. The act authorized \$389 million in Federal appropriations over the period of fiscal year 2005 through fiscal year 2010. For fiscal year 2010, \$31.0 million is requested to enable Reclamation to advance its commitments under the CALFED Record of Decision to resolve water resource conflicts in the CALFED solution area. Funds will be used for water storage studies, the conveyance program, water recycling and conservation, the science program, water quality assurance investigations, ecosystem restoration projects and oversight functions to ensure program balance and integration.

FISCAL YEAR 2010 PLANNED ACTIVITIES

Reclamation's fiscal year 2010 priority goals are directly related to fulfilling contractual requests to deliver water and power. These include addressing a range of other water supply needs in the West, playing a significant role in restoring and protecting freshwater ecosystems consistent with applicable State and Federal law, and enhancing management of our water infrastructure while mitigating for any harmful environmental effects. Reclamation will deliver roughly 28 million acre-feet of water to meet contractual obligations while addressing other resource needs (for example, fish and wildlife habitat, environmental enhancement, recreation, and Native American trust responsibilities).

Reclamation will maintain dams and associated facilities in good condition to ensure the reliable delivery of water. Reclamation will maintain a forced outage average of 2.20 that is lower than the industry average for similar units to ensure reliable delivery of power. Reclamation will reduce salinity by setting a goal of preventing an additional 12,700 tons of salt from entering the water ways.

Moreover, the fiscal year 2010 budget request demonstrates Reclamation's commitment in meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on managing those valuable public resources. Reclamation is committed to working with its customers, States, tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2010 and beyond.

In addition, Reclamation, with funds from the American Recovery and Reinvestment Act of 2009, will undertake a variety of projects to meet future water supply needs, improve infrastructure reliability and safety, and restore ecosystems.

CONCLUSION

Mr. Chairman, please allow me to express my sincere appreciation for the continued support that this subcommittee has provided Reclamation. This completes my statement. I would be happy to answer any questions that you may have at this time.

BUDGET PROCESS

Senator DORGAN. Commissioner Connor, thank you very much.

Mr. Salt, let me ask you why it took 5 weeks from the time that the President's budget was released to us getting details of that budget? What was going on in the background there?

Mr. SALT. Sir, both the Recovery Act and the budget being so close together, there were a number of efforts by the administration to look at the policies that had existed, try and come up with a review of those policies, apply them in some appropriate way, first in the bill and then, based upon those sets of decisions, then to go and make the appropriate adjustments in the budget.

I think as we were doing all of that some of the projects changed, some of the numbers changed. As we then went to adjust our documentation, it took us certainly longer than we had hoped, and I apologize for the delay.

Senator DORGAN. I'm trying to understand on both the economic recovery plan and also this budget what role OMB played in the delays, because it seems to me that we have had very little time to review what you have submitted in detail. We've been put in that position twice in the last 4 years.

You know, there are lots of questions about how we can get information about the metrics that you used to evaluate what funding you recommend. I said at the start, the President has recommended a lot of earmark funding here. It was true with the previous president. Presidents recommend their earmark funding. How are those earmarks decided upon? Who makes the judgments about here are the things we're going to earmark in our request to the Congress?

Mr. SALT. Sir, as you pointed out in your opening comment, it is the President's budget. So obviously at some level the President is the one who submits the budget. I am here on his behalf presenting this budget. So I take full responsibility for the budget that is in front of you.

I would say as a new person learning how this works, we receive broad guidance from OMB. We then apply that guidance as we assemble our budget. As I said in my testimony, our focus is on trying to ensure that we are recommending the highest priority projects. We are given a budget envelope that we fit within and it's trying then to recommend the highest priority projects.

Senator DORGAN. Let me tell you why I'm asking the question. My sense is you have some sort of evaluation down there using certain metrics and models by which you decide here's what we'd like to fund. Then I assume it goes, as it has in the previous administration, down to the Office of Management and Budget and they say, well, here's our priorities, and they send it back to you. My understanding is these things bounce back and forth. I'm trying to understand how it works.

But let me ask you a couple of specific questions. For example, the contract for the Ozark-Jeta Taylor Powerplant is not funded for completion in this budget. It's a project that you have had in your budget in prior years. I don't understand, for example, why you wouldn't fund this to completion or if you've changed your mind about the project.

Mr. SALT. As part of the criteria, we used benefit to cost ratio. The sequence of priorities basically was that dam safety projects were put at the top of the list, high priority projects justified by their economic benefits were arrayed in order of their benefit to cost ratio, and in this case the Ozark-Jeta Project fell below the other priority projects that we had recommended.

Senator DORGAN. Again, I don't have any particular attachment to this project. It just seems to me like if it fit some sort of criteria last year saying, it's a project we're building, we're going to keep funding it, and now you say, except this year we've decided that we don't want to keep funding it. I don't understand what the metrics are by which one makes that decision. We probably need to know more about that.

ENVIRONMENTAL RESTORATION

A question about the Everglades funding, as I calculate what you're doing, the Everglades request is \$214 million. We've spent I think about \$1.3 billion on various components of Everglades restoration. I'm supportive of restoration projects in the Everglades, but the \$214 million, that's in addition to the \$123 million that was in the omnibus, and more than \$100 million you've proposed in the Recovery Act. So that's about \$440 million in just a matter of months, intended to be utilized no later than September 30, 2010.

I question whether that is going to be able to be done. In addition, the Everglades takes about 13 percent of the Corps construction budget, and then the next highest funded project is the Herbert Hoover Dike, also in Florida, which takes up about 8 percent of the construction funds. That means more than one-fifth of all the construction money for the Corps is going into these two Florida projects.

I'm not talking about the merits of the projects, but I am saying that there are projects I assume in New York and California and Missouri and Utah and elsewhere that would probably say, how is it that one-fifth of the funding is going to be destined in Corps construction to the State of Florida?

Mr. SALT. Sir, you've raised up a number of important issues. As you know, the Everglades restoration is largely funded on a 50-50 basis. Much of the work we're talking about here are projects that we've been working on for a long time. I think the Corps and our partners have been criticized for the lack of achieving any actual restoration benefits. So the administration is aware of those criticisms and is trying to move out with projects that would allow for actual on-the-ground restoration.

The recently authorized—the recent WRDA authorized a number of projects and what you're seeing in this budget is the startup of construction for these recently authorized projects that would allow for the progress that people are expecting.

Senator DORGAN. And those are new starts?

Mr. SALT. Sir, they are receiving construction funding for those elements for the first time, yes, sir.

Senator DORGAN. General Van Antwerp, you've stated that 11 percent of the total budget, fiscal year 2010 budget, is for environmental restoration. How much of the construction budget is set aside for environmental restoration?

General VAN ANTWERP. I'm not certain of that figure. I'm going to have to get back with you on that number, of the actual construction projects. We don't have it broken down like that.

Senator DORGAN. Would you break that down for us, please?

General VAN ANTWERP. Yes, sir.

Senator DORGAN. I have a question of the Bureau, but I want to commend the Corps and just say we've been through some significant flood fights this year. When you go into a flood fight you want the Corps on your side, and the men and women of the Corps who came to community after community to be engaged in those fights, we should not let the moment pass without saying thank you to the Corps and to the organization that helps make this happen.

General VAN ANTWERP. Thank you, Senator.

PROJECT EVALUATION

Senator DORGAN. In the Bureau of Reclamation, there are a number of projects in the fiscal year 2009 Energy and Water Act that were not included in the fiscal year 2010 budget request. Again, kind of what I asked the Corps: What's the reason for that? Have you changed your mind about projects that you previously thought worthy and now perhaps think are less worthy?

Mr. CONNOR. Mr. Chairman, I think that what we're doing there is operating within the parameters of the overall budget number that we were given. We look at the budget and we allocate a set of priorities maintaining the existing infrastructure. Then we look at dam safety and security. Then we look at ongoing construction activities. Then finally we have to deal with our ESA compliance items.

I recognize that within that ongoing construction activity we do have actions that have been undertaken with write-in funding on a lot of these rural water projects. But when we look at the kind of requirements with respect to maintaining that infrastructure, the safety and compliance activities so that we can keep delivering water, then we're left with a certain amount of money within that budget allocation that we're provided. That's where we have to make some tough choices.

Senator DORGAN. So that's where your advice to the committee about how you made those choices would be helpful, that you force-rank them. I use the term "earmark." You earmark your funding choices and force-rank them. We're wondering because of that ranking, are some of the things that you have previously funded now judged to be less worthy?

So we'll submit a list of questions to you, but it would be helpful to us if you would submit at least a judgment about those that you have previously funded and are not now funding, to say, in addition to being short of money, we felt this ranked below the following, when it did not perhaps the year before or the year before that it did rank below another project.

We're just trying to understand what you're doing and what your assessment is of the various projects related one to another.

I have taken more than my share of time. I'm going to be submitting a list of questions to the Corps and the Bureau. We appreciate your being here.

I'll call on the ranking member, Senator Bennett.

Senator BENNETT. I'll yield.

Senator DORGAN. Then Senator Bond.

Senator BENNETT. Senator Tester and I were up with the Secretary. So you go ahead.

Senator DORGAN. Senator Bond.

STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Sorry I missed that fun.

General, you mentioned the tremendous O&M costs for our operating locks, locks some 80 years old that were built for 50 years. Many of us believe that they should be replaced and expanded for tremendous economic, energy, and environmental benefits. But of course, OMB does not agree.

The chairman rightly pointed out, and he put his finger on the problem with earmarks by the administration. My experience in the few years I've been here is that the ultimate decisions on administration earmarks are made somewhere in the bowels of OMB by people we don't know, we don't see or even hear from directly, and our constituents can't communicate with.

When one of us in Congress changes one of these priorities, we stand up for the specific item. We appropriately take responsibility and answer questions about them. I am one who believes that that is a very fair and not sufficiently exercised priority.

MISSOURI RIVER

So going to one of the earmarks, the Corps is currently responsible under the Clean Water Act to ensure navigable waters, such as the Missouri River, are not polluted. A side note: I came from EPW, which is looking for a vast expansion in the Corps's responsibility that will require a huge number of people to regulate every puddle and pond that is not now navigable.

But the administration budget includes \$70 million for the Missouri River Fish and Wildlife Recovery Project. This is the construction of side channels and shallow water habitats across farm land adjacent to the Missouri River, for restoration activities, primarily for the habitat of the pallid sturgeon. Some are already constructed.

Now, here's the problem. According to the Corps's estimates, construction of these projects will result in dumping 540 million tons of farm land soil directly into the Missouri River. Thus these projects will contribute more than 350,000 tons of phosphorus to the Missouri River. These projects alone will supply 10 times what the EPA Task Force on Hypoxia determined to be the annual load of phosphorus of the entire Missouri River Basin.

Scientists believe that phosphorus is a major contributing factor in hypoxia in the gulf. In Missouri, the Clean Water Commission has vigorously opposed this effort. Missouri citizens and farmers have implemented a \$41 million soil and water conservation tax upon themselves, and Missouri farmers pay an additional \$27 million of their money to cost-share to keep this soil out of the river because of their concern of negative environmental impacts.

Given that the estimated cleanup cost to remove the phosphorus that the Corps is planning to put in the Missouri River in Missouri

cleaning up the shallow water habitat projects will be \$18 billion, how wise is dumping that soil in the Missouri River?

General VAN ANTWERP. You have a lot of great facts, Senator Bond. I think as we do our section 108 study of the Missouri, we need to look further into those issues that you just raised right there. As far as the wisdom of that, I've got to really dig into the contents of that study. I understand what you're saying.

Senator BOND. I'd like to be able to have a discussion with the genius who made that decision. If somebody believes that that is still a wise decision, it would be very nice, Mr. Chairman, if we could chat with that individual here in a hearing.

These side channel projects are supposed to develop a habitat for the pallid sturgeon. I'd like to know how the projects were evaluated and justified. Do we know that we're getting the best value of our \$70 million? I know the U.S. Geological Survey has done additional tests on the pallid sturgeon and believes there may be some other, more fruitful ways of encouraging the reproduction of pallid sturgeon. We are, through a Conservation Commission, engaging in a significant breeding program for pallid sturgeon so our favorite little fish will remain there.

I would like to know what you have found out about the best way to stimulate the sex life of the pallid sturgeon. That would be helpful.

FLOOD RELIEF AUTHORITY

Finally, we're very much concerned that a recent announcement by the administration to get FEMA out of the ability to help fight floods, remove debris, de-water, and assist in emergency efforts. There are many small communities in my State and I imagine in all States where our communities could be left high and dry or, worse, low and wet in the darkest hour.

Does the Corps have any authorization to step forward in the gap left by FEMA's failure to deal with these natural disasters?

General VAN ANTWERP. We do—we have a number of our own authorities under Public Law 84-99, which allows us to come in and flood fight and do coastal emergencies and those kinds of things separate from the FEMA. When we work for FEMA, we work under Emergency Support Function 3, which is for debris removal and ice and water and the blue roofs. So those issues are under FEMA when we respond to a disaster.

Senator BOND. But you can handle—not just coastal, but you can handle the inland disasters that might strike the Dakotas, Utah, and Montana?

General VAN ANTWERP. Right, much like the Midwest floods or even the ice storms of Kentucky this year. We're able to respond if it is a levee that's affected, we can come in under our own authority.

Senator BOND. What tests if it's not a levee? What kind of damage do you have to have for you to move in?

General VAN ANTWERP. If it's not a flood or a levee situation—

Senator BOND. If it's a flood, you can take it?

General VAN ANTWERP. If it's a flood, we're allowed to flood fight that with the local community. If a levee is judged that it is enti-

tled to 84–99 funds, we can come in and build HESCO barriers, help increase the height of that levee, et cetera.

Senator BOND. Thank you very much, General. We appreciate the good work you do. You're a vitally important partner and we're grateful for it. We just have some serious concerns about some of the things you've been directed to do.

Thank you, sir.

Senator DORGAN. Senator Bond, thank you.

I should point out that if those in the audience observe a different look here on the dais, it's Seersucker Thursday. Some of us can only afford one suit, but our colleagues look pretty spiffy today and we're glad to see them here.

Senator Bennett.

Senator BENNETT. Once I bought it for the first Seersucker Thursday, I was determined I was going to keep wearing it year after year because I'm not going to pay \$150 for a suit and only wear it once. So that's where we are.

Thank you, Mr. Chairman.

OBJECTIVE PERFORMANCE GUIDELINES

Mr. Salt, your testimony says that the Corps is applying objective performance guidelines to the competing projects. Can you explain what the specific guidelines are?

Mr. SALT. Sir, there are different guidelines depending on the business line that we're talking about. Our highest priority is dam safety. The Corps does a risk analysis, taking into consideration the condition of the dam and the probability that there would be a serious risk to public safety, and based on that criteria those projects that are deemed a serious risk are moved to the top of our list.

For projects that are justified by the economic benefits, it's the benefit to cost ratio that is used. So we take the project portfolio that we have and we apply our benefit to cost ratio criteria.

For our navigation projects, it's a combination of the state of the navigation channel, the degree to which it's silted in and the additional work, dredging or other repairs, which need to be done. The Chief of Engineers, General Van Antwerp, mentioned the navigation locks and the need to pay attention to the important maintenance of our navigation locks. That analysis is done based on a combination of the condition of the particular project and the impact of not doing the maintenance in that year. Again, a similar risk-based analysis is used for those projects.

Senator BENNETT. Do you apply those same standards to environmental infrastructure projects, the risk, economics, and navigation?

Mr. SALT. Sir, for the environmental restoration, those efforts are prioritized basically by the administration as our highest priority environmental restoration efforts, and there are a number of large environmental restoration efforts. In 2007, Congress directed the Corps to review its principles and guidelines, which really doesn't give the administration's national policy for evaluating projects. It doesn't really give any guidance as to how to deal with the environmental issue that you're talking about.

We expect within a few months to have the draft proposed—a revised draft of the principles and guidelines that we’re required to give to the National Academy of Sciences. It’s in that document that we’re looking at how to quantify non-monetary benefits in a way that would allow for a more objective set of criteria for dealing with environmental restoration projects.

Senator BENNETT. Do you ever have a conflict where you say if we do this environmental infrastructure it’s in fact going to increase the risk?

Mr. SALT. I’m not aware of any—when I talk about the environmental, I’m talking about the environmental restoration projects. The environmental infrastructure is basically the sewage treatment and those sorts of projects, and I would say those are not supported by the administration.

But for the environmental restoration projects, I’m not aware of any—those that I’m aware of in Florida—I’ve been working in Florida—we maintained existing authorizations and in fact the projects were formulated so that there was no harm done to flood or water supply interests. So I would say as a matter of policy that would be my expectation as it relates to environmental restoration projects.

Senator BENNETT. Okay.

DROUGHT ASSISTANCE

Ms. Archuleta, the Bureau has budgeted \$500,000 for drought assistance in fiscal 2010. Do you think that’s sufficient?

Ms. ARCHULETA. Well, Senator, certainly it’s difficult to know what our drought conditions are going to be. We work collaboratively with NOAA. It’s tough for us to predict what the weather conditions are going to look like in the coming year. We’re hopeful and certainly we’ll work as closely with that budget as we can.

Senator BENNETT. The Central Utah Project. I’m sure it comes as no surprise that I have an interest in that. The budget is flat compared to fiscal 2009. Obviously you think that’s sufficient to meet the progress. But what is your funding, total funding capability for CUPCA in 2010?

Ms. ARCHULETA. Well, actually, if I may, I’d like to turn it over to Mr. Murray, who’s here, who knows the project, as you know, very well.

Senator BENNETT. Okay, good.

Mr. MURRAY. Mr. Chairman, Senator Bennett—

Senator BENNETT. Would you identify yourself?

Mr. MURRAY. Yes, Reed Murray. I’m the Program Director of the Central Utah Project.

First of all, I’d like to thank the subcommittee for your support over the years of the Central Utah Project. As you know, it’s the largest water project ever undertaken by the State. We do appreciate your support.

Your question was the capability of the project.

Senator BENNETT. Right.

Mr. MURRAY. Well, first of all, we do support the President’s budget. As you mentioned, there is no increase over the 2009 appropriation. However, the boost in appropriations that we received through your support with the Recovery Act has helped us and

given a significant increase to our program and allowed us to keep on schedule. So as far as our capability, we feel that the budget is the capability that we can maintain in 2010, given that and the Recovery Act funds that we have.

Senator BENNETT. Good. Thank you.

TERMINATING PROJECTS

I'm concerned about failure to complete existing projects. I think the chairman visited this issue as well. As I see it, this budget cancels 100 ongoing construction projects funded in fiscal 2009, not addressed in 2010. Terminating ongoing projects obviously long-term creates an enormous cost for the taxpayer.

So Mr. Salt, can you quantify what you expect the Corps to be able to pay in contract termination fees if we adopt this request? Or will they simply be delayed and resumed at a certain point hereafter, which could potentially be significantly more expensive as construction costs go up?

Mr. SALT. Sir, I don't know the number of projects that we have stopped. There's one project that, the Ozark Jeta Project I believe the chairman mentioned earlier, is a—

Senator BENNETT. I've noted that as well.

Mr. SALT [continuing]. Has a continuing contract. The estimated termination costs if we're required to terminate are estimated at \$12 million. That project—at the time we put the stimulus list together, our assumption was that that project would be in the budget. So it wasn't included in our list. It would have—

ECONOMIC RECOVERY ACT

Senator BENNETT. So you're saying it was not included in the Recovery—

Mr. SALT. It was not in our initial stimulus list. When the final guidance—when we finally determined what was our criteria, on the benefit to cost—

Senator BENNETT. Right.

Mr. SALT [continuing]. The benefit to cost ratio from that project fell under the—we were not able to get to it with the available funds that we had. Because it has a higher benefit to cost ratio than other projects that we included on our stimulus list, we are now looking at the possibility, if funds are available based on our execution of the Recovery Act funds, this would be a priority for us to include under Recovery Act funding, and that's something we will seriously look at.

Senator DORGAN. Mr. Secretary, that gets to the point I was trying to ask you about earlier. I believe you were working on the fiscal year 2010 request at the same time that we provided funding for the Economic Recovery Act for you. As I said, there was zero money requested, inexplicably, for water projects in the economic recovery package.

We provided money, then you began working on how that money would be spent, and that was concurrent with your work on the fiscal year 2010 budget request. So when you say that you expected it to be in the budget request, so you didn't put it in the economic recovery package, you were doing both of them. That's what I was

trying to get at. Or did that list go somewhere else for somebody else to make decisions? And if so, whom?

Senator BENNETT. I'm assuming from your question and the chairman's explanation, from your answer to me and the chairman's probing, I'm assuming that we can expect some reprogramming requests from you to try to put some of this back in.

Mr. SALT. Sir, that decision has been made. It is a priority, and I think as we move forward—I guess, Mr. Chairman, your comment gets to what I was trying to answer when I apologized for the delay. I think there were two areas where this came up. One was on the beach projects, where we were trying as a matter of policy to decide whether to fund some of them in the Recovery Act or not. We ended up doing not only initial nourishment, but also re-nourishment, and doing that as part of the budget, and not to include funding for those in the stimulus.

Similarly, we were putting the stimulus together, we did make what turned out to be a wrong assumption that we would proceed with the continuing contracts in the budget. It turned out that the performance-based guidance we received was that we would fund down to a benefit to cost ratio for which the Ozark Jeta Project didn't compete on a benefit to cost basis, and it was not included in the President's budget.

So it was our decision. Basically, we said here is the broad guidance we were given. As we applied that broad guidance, the Ozark Jeta Project fell below the threshold.

Senator BENNETT. You do incur an obligation to repay people who have been involved. Do you have plans to reimburse the Southwest Power Authority or their ratepayers for the \$20 million that they've contributed?

Mr. SALT. Sir, that's why it's a priority that we consider it for the available funds in the Recovery Act.

Senator BENNETT. So it would be cheaper, wouldn't it, rather than reimburse that \$20 million, to simply go ahead and finish it?

Mr. SALT. Yes, sir, I think it would.

Senator BENNETT. Okay, then let's go ahead and finish it.

I understand, having experience with OMB that OMB sometimes has a different view of life than agencies, and I won't press you any further on that. But I do feel that failing to complete existing projects ultimately ends up as a waste of taxpayers' money.

Thank you, Mr. Chairman.

Senator DORGAN. I think that there can be cases where an existing project at some point becomes a project that someone says, well, we'll reevaluate; it sounded good when we started it, but this is no longer a project that makes much sense.

But the Senator from Utah makes an important point. If this project should be continued—I'd much sooner appropriate funding to finish a project that is worthy rather than pay penalties to end the project. I mean, \$12 million or \$20 million is a lot of money.

Did anyone raise this during the deliberations of the budget and the Recovery Act, or was it just not raised?

Mr. SALT. Sir, we raised it and my counterparts in OMB even said I could blame them if I wanted. But I don't—

Senator DORGAN. Maybe you just did.

Mr. SALT. No, sir. No, sir. What I'm trying to say is I'm here and I take ownership of this budget. I'm trying to explain the rationale for it.

BUDGET PRIORITIES

Senator DORGAN. I understand the difficulty. We're not trying to ruin your breakfast here. As I said at the start, you come representing a budget. You're required to pay fealty to that budget. I understand that. And we're just trying to understand what the criteria is by which decisions are made and who makes them.

It was very frustrating for us as we watched particularly the economic recovery funds and the list, because you didn't have a list. You didn't ask for any funding. We provided funding. And then there was a list. I had to call the head of OMB and I called the White House to find out when would somebody start making decisions about funding some of these projects, because the purpose of them was to start some sort of economic recovery. It took some while to get something off center to get it moving.

So again, I don't—I understand the point you're making, Mr. Salt. Yes?

Mr. SALT. Sir, could I make one comment, that as a new person I too am sharing some of your frustration as to how we're doing this. We have talked to OMB. We have talked to folks that as part of our fiscal year 2011 budget to try and work with the Congress to come up with a better way.

The big issues are what you alluded to, sir, how do you ensure that we're funding the highest priority needs, because we have a backlog that we can't get to of very high priority projects because we're funding the portfolio that we have. So we're very interested in trying to come up with a better way of working through this in a way that's more mutually satisfactory.

Senator DORGAN. And we want to work with you. We want you to succeed. We want the best decisions possible to come out of all of this. This is not a subcommittee where there are political battles going on. We're all very interested in water and energy issues and we want the best decisions to be made. We want to work with you, and we appreciate your being here.

A new member of this subcommittee, and we're pleased to have him, Senator Tester.

Senator TESTER. Thank you, Mr. Chairman.

MISSOURI RIVER RECOVERY PLAN

We'll start with the General. But, Mr. Salt, if you want to throw in on this one you can. The Army Corps requested \$70 million for the Missouri River recovery plan. Senator Bond spoke of it a bit ago. Part of this money is to be used for completing an environmental analysis and engineering on an intake dam near Glendive, Montana. The replacement of that dam will open up about 240 miles to pallid sturgeon on the Yellowstone River.

I guess the question is, does the \$70 million request for that line item allow for the intake dam project to proceed in a timely manner?

Mr. SALT. Senator, it does allow for it to proceed in a timely manner. There were also funds in the Recovery Act for that, so the combination of these allows us to proceed in a timely manner.

Senator TESTER. Thank you. What's the timeframe on that, on the removal and replacement of that dam?

Mr. SALT. That I'm going to have to get the detailed schedule. I don't have it with me right now.

Senator TESTER. If you could do that and get it back to my office, I would certainly appreciate that. Thank you very much.

FORT PECK RESERVOIR

Talk a little bit about—we'll talk a little bit about some—and this is also for you, General—about some lots on Fort Peck Reservoir. The WRD Act of 2000 authorized conveyance of about 400 cabin sites in four areas around Fort Peck to current leaseholders. I guess the question is that in the last 2 years the Corps has received about \$1.8 million to complete the surveys and environmental work to complete the sale. The authorization expires next year. Does the Corps have adequate resources to complete the lot sales before the authorization expires?

General VAN ANTWERP. In this case we don't have the entire funds to complete this. There is an additional amount of funds that is needed to finish this project.

Senator TESTER. Okay. So the Omaha District reported to our office that about \$1.9 million could be used in fiscal year 2010 to complete the sales. I'm confused why they told my office that, but yet did not put in a request to that effect.

General VAN ANTWERP. At this point I need to read about capability and what the district did was give you the capability. That of course is the amount of funding that could be used above the amount requested. In this case, there's no money requested in the President's budget for this project.

Also, I have to remind that we would utilize additional funds on projects or studies, but there would have to be offsets. So it's all part of, as the budget was assembled this project didn't get the funds, but there is a capability to do work on this project if funds were appropriated.

Senator TESTER. Okay. The authorization expires next year. It's been going on since 2000, a 10-year project. I think that there is a will on both sides to do this. What I heard you just say is that you weren't going to do it because you didn't have capability of doing it?

General VAN ANTWERP. No, we have capability of doing the work. As we looked at the budget in its entirety and it was put together, there weren't sufficient funds to allocate money toward this project.

Senator TESTER. Okay, so it didn't come up high enough on the priority list to ask for money for this project, is what you're saying?

General VAN ANTWERP. That's correct.

Senator TESTER. Okay. So are you going to ask for an extension of that authorization? Are you just going to let it run out?

You can get back to me on that, if you would. It would be good to get it done. Let's just put it that way.

MISSOURI RIVER RECOVERY IMPLEMENTATION COMMITTEE

I hate to pick on you, General. I've got another one. The Missouri River Recovery Implementation Committee was created as an all-inclusive—well, an inclusive; shouldn't say "all"—planning body for the stakeholders throughout the basin of the Missouri River. The legislation creating this project, the MRRIC Project, prohibited the stakeholders from getting help for traveling to these meetings. I've got a couple questions.

How is stakeholder involvement? If you can't address it, you can get back to me on that, too. But how is stakeholder involvement as far as this subcommittee goes? That would be the first question.

General VAN ANTWERP. First of all, it's crucial that we have stakeholder involvement.

Senator TESTER. Are they involved?

General VAN ANTWERP. They are involved. That's absolutely crucial and it is part of the process. As we do all the activities—this is in kind of the preplanning stage, which is really when those stakeholders need to be involved.

Senator TESTER. I agree with you that it is absolutely critical that you get broad-based participation in the subcommittee. I can tell you the stakeholder travel is not permitted under the project and I have got—I have received a fair number of calls saying, particularly from Native American tribes who are part of that basin, saying that it's really not inhibiting their—it's inhibiting their ability to come.

I just want to get your thoughts on that. I mean, if we're getting broad-based attendance now, that truly is broad-based, that's a good thing. Going into the future, if it starts to cut back I think it would be great to know about that, so we can address it.

General VAN ANTWERP. I think your concerns, Senator, are good. What we try and do in this case—we do not pay those funds for them to travel to be part of that stakeholder group. But we do try and locate our meetings where—

Senator TESTER. Centralized.

General VAN ANTWERP [continuing]. They don't have to travel. So we will take—I'll take a close look at this and make sure we're not disadvantaging or not getting their input because we're not in their location.

Senator TESTER. I appreciate that.

SAINT MARY'S CANAL PROJECT

Mike Connor, it's good to see you, good to see you on that side of the table, hope the position's working out well. I think you're doing good work.

The President's budget included funding to conduct NEPA on the diversion dam at Saint Mary's Canal. We appreciate the recognition from the administration more than you will know that this facility is in bad need of repair—a critical first step.

However, while replacing the diversion dam is needed, especially as it applies to endangered species protection, it does not address the risk of catastrophic failure of the overall parts of the system, which are—not if, but when they're going to fail. We cannot fix it,

the project, as you probably know, Mike, until the alternatives are completed around it.

Does the administration support NEPA on the entirety of the Saint Mary's Canal Project, and if they haven't been—if you don't know that question, I guess my question is would you advocate for that?

Mr. CONNOR. Well, thank you for your welcome, Senator Tester.

I don't know the complete answer to your question, but I do know we do have in the fiscal year 2010 budget a request to initiate the NEPA and the ESA consultation that we do need to complete.

Senator TESTER. And we thank you for that.

Mr. CONNOR. So we will move forward very quickly in that manner. We are also having ongoing discussions with the Corps and our regional folks and a very good dialogue going right now, given the authority that the Corps also has, as to how to best move forward and maybe we can do it in a cooperative effort in doing our analysis and trying to develop a game plan under which we can maybe segment or look at different ways to get into the rehabilitation as we move forward with the NEPA and the ESA process.

Senator TESTER. Commissioner, the door is always open. We would love to be a part of those conversations. This is a critically important project for the northern tier of Montana, not only towns, but irrigators, and it's one of those things that should have been replaced 30, 40 years ago. But we are where we are.

RURAL WATER INFRASTRUCTURE

Another question that deals with the rural water projects that received a good sum of money for the recovery package, and we appreciate your work there, too. Projects in my neck of the woods, Montana, North Dakota, South Dakota, these are long-term commitment projects, as you well know. Should we interpret the support in the Recovery Act as a renewed commitment from this administration to support rural water infrastructure? Is it high on their list?

Mr. CONNOR. Well, the funding provided for those two rural water projects in Montana, I think represents the fact that there's a recognition of the need that exists there, and certainly trying to implement the Recovery Act in a way that met the goals of job creation and meeting other priorities as set forth in the legislation. So those two projects did receive substantial money.

There is also a request, I think even maybe for the first time, on a couple of those projects for the fiscal year 2010 budget. Recognizing that those requests are significantly lower than the funding provided by Congress, I think it's a recognition that we do want to continue toward moving forward with progress. Particularly in Fort Peck, I think we're getting substantially down the way to completion of the project.

Senator TESTER. Yes.

Mr. CONNOR. Rocky Boys is still really in its infancy, but there is some level of funding in the 2010 budget to keep the activity going there.

Senator TESTER. Well, I certainly appreciate it. Just as a sidebar comment, from my days in the State legislature, from my first day

in the State legislature as a matter of fact, these projects were on the list and they've more than doubled in the last 10 years because of inflation. I appreciate the administration's stepping up and putting some significant moneys in because it finally gets us ahead of inflation, and I think that we've got to get these projects done or literally a good portion of eastern Montana will have a hard time surviving. Let's just put it that way.

Anyway, I thank you all for being at the hearing and I appreciate your comments.

Thank you very much.

Senator DORGAN. Senator Tester, thank you very much.

Senator Alexander.

Senator ALEXANDER. Thank you. Thank you, Mr. Chairman.

CHICKAMAUGA LOCK

I have just two. Thanks to each of you for being here. I have just two questions, General, and both of them are of you, if I may. I'm concerned the Corps is not properly prioritizing Chickamauga Lock near Chattanooga as it considers when to complete the construction of the new lock. You've done a lot of very important work on it and we appreciate that. But usually the Corps determines how important it is to repair or rebuild a lock based upon the value of the cargo passing through the lock. My concern is that in cases like the one we have at Chickamauga the Corps of Engineers isn't able to fully measure the value of the lock because the lock plays an important supporting role to the Oak Ridge National Laboratory and the Y-12 National Security Complex, and the cargo that goes through the lock to the Oak Ridge Laboratory, which is the largest energy laboratory in the world, and the Y-12 National Security Complex, which has to do with nuclear weapons, is different and difficult to—is different in terms of evaluating it.

Is there some way that you can consider the role Chickamauga Lock plays in supporting Oak Ridge and Y-12 as you assess the value of the lock and prioritize it with respect to your other lock repair and construction projects?

General VAN ANTWERP. Senator, you make some great points. We'll take that under consideration. Right now the prioritization goes if it's life safety, then economic is slightly below that, but very, very important. So we need to look at these other considerations, and I will go and make sure that this is plugged in as we look at the value of these; when we rate our locks and dams, basically the dams, we have categorized all them as to the risk of danger for life safety and other factors.

Senator ALEXANDER. Nationally—

Mr. SALT. Senator, could I comment on that, sir?

Senator ALEXANDER. Yes, of course.

Mr. SALT. As we talked earlier, the current guidance for the Corps, national guidance, called the principles and guidelines, directs the Corps to focus on the aspects of a project that optimize the economic development, the NED plan.

Senator ALEXANDER. Right.

Mr. SALT. The new P and G will attempt to look at other non-monetary factors as a way to try and expand the way we look at projects to include these other kinds of considerations. As I men-

tioned earlier, we expect to have our new draft of this out later this summer. But I would hope that it would give us the analytical basis and the national policy basis to try and get at the kinds of issues that you're raising.

Senator ALEXANDER. Well, the National Academy of Sciences in its report—well, in a variety of ways, but in its work with the Augustine Commission, which we called America Competes, one of the most important pieces of legislation we passed in Congress, said that America's brain power advantage since World War II is the single greatest contributing factor to our high standard of living. That's economic development.

And the Oak Ridge National Laboratory is the single largest energy research laboratory in America, perhaps the world. So our great laboratories are our principal engines of economic development, not just in Tennessee, but in our country. And that's been recognized by the National Academies of Science and Engineering and Medicine. It's been affirmed by the Congress in our America Competes Act, where we prioritized those efforts.

So national security is of course another part of it, but if we're going strictly on economic development—I remember when I was Governor of Tennessee I tried many different ways to help our State improve our low family incomes. I tried getting rid of the usury limit and I tried building highways. I tried everything, but it all came back to education. I eventually got into funding centers of excellence and master's teachers and chairs of teachers and creating distinguished scientist programs between the Oak Ridge National Laboratory and the University of Tennessee as the single best way to create higher family incomes, economic development. In fact, we became the State with the fastest growing family incomes in the country.

So I'd make a strong argument that the Oak Ridge Laboratory and similar institutions around the country fit the economic development title or even should lead it. Economic development today is different than it was 50 years ago, most people who work in it understand that better schools, colleges, universities, national laboratories are essential to it.

Anything else on Chickamauga I should know or ask about?

General VAN ANTWERP. I will just tell you it's very high on our priority and we're watching it closely and having periodic reviews of it. It's moving along.

Senator ALEXANDER. Well, we've talked about it before and it has great importance to our entire region in terms of jobs.

CENTER HILL AND WOLF CREEK DAMS

The other question I have has to do with Center Hill and Wolf Creek Dams. I greatly appreciate the priority that you've placed on those two dams. The President's budget request shows support for funding levels that will continue to keep the projects on track with minimal disruption to residents. There's a safety problem in Kentucky and in Tennessee outside Nashville.

Now, here is my goal and my question. I'd like to get the lake levels back up to pre-construction levels as rapidly as we possibly can, because while the lake levels are low we're having to buy \$100

million worth of electricity every year from outside sources that would otherwise be produced by hydroelectric.

Now, this administration is placing a very high value on carbon-free electricity from renewable energy and the simplest, cleanest form of renewable energy is hydroelectric power. So my question is, is there a way that you can continue to do your work there, finish the work that you're doing about seepage, and bring the lake levels back up to their pre-construction levels so we can use that carbon-free electricity that we can produce?

General VAN ANTWERP. Your point is very well made. I assure you we're going to bring those lake levels up as soon as we can and still have the proper safety measures. So now that we've got the grouting walls in Wolf Creek, for example, that allows some raising of that elevation. But it may be farther down the road before we can get back to pre-construction levels.

Safety is the primary concern here. But I assure you we're trying, and we're reviewing this. What is the next level? We've got all of our experts on it to see, now that you have the grouting walls done, what does that allow you to do. We'll do some raising of it. As we've had inflows in and raised it up, we're watching the boils down below the dam that have lessened, by the way, because of the grout curtain.

But we'll get it up there as soon as we can.

Senator ALEXANDER. I appreciate that and I have no complaint to make about anything about your work there. I just thought maybe I'd give you some extra ammunition, given the administration's focus on carbon-free electricity. This is a significant amount in an area—otherwise we use more coal or other things.

Mr. Chairman, those are the only questions I have. I thank you for the time.

Senator DORGAN. Senator Alexander, thank you very much.

RED RIVER VALLEY FLOODING

Two other points, Commissioner Connor and Secretary Archuleta, I'm going to send you a note. I would ask that you respond if you would about additional information that you may be sending to OMB about the record of decision that's awaiting us on the Red River Valley Water Project. The previous secretary did not issue a record of decision. I understand there is discussion between your agency and OMB and my expectation is that you'll be sending them additional information. If you would give me a report on that, that record of decision has been waiting for some while.

General Van Antwerp, I did not mention the Red River Valley flooding situation and the work that we have done. You've been in a number of meetings on the Devil's Lake flooding, chronic flooding problem. I'll be holding meetings on Saturday morning in Valley City, North Dakota, and Jamestown, North Dakota, about the James River and the Cheyenne River, both of which had very serious flooding this year. So we're working on a lot of issues with you in our State.

I think all of us on this subcommittee find ourselves in that position. That's one of the reasons we aspire to be on this subcommittee, to address some very significant water policy issues.

So we will continue to have those discussions. I didn't mention them earlier, but I wanted to make note for the record, just because we have had a lot of discussions recently about them, that they remain a significant priority.

ADDITIONAL COMMITTEE QUESTIONS

I want to thank you for appearing. We will be submitting a list of questions to you and ask that you respond to them, and we appreciate very much your being here today.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO TERRENCE C. SALT

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

Question. Who is the responsible official for approving what goes into the Corps' budget?

Answer. While the Army made recommendations, this is ultimately the President's fiscal year 2010 budget.

Question. Were you also the responsible person that made the decisions as to what projects were included in the Recovery Act?

Answer. Yes, I was ultimately responsible for those decisions. Within the Corps headquarters, a senior management group is responsible overseeing the American Recovery and Reinvestment Act of 2009 (ARRA) activities.

Question. Could you tell us a little about the decisionmaking process that went into the Recovery Act?

Answer. USACE received \$4.6 billion of ARRA funds in 6 different appropriation accounts. The projects selected represent a set of investments that will contribute to economic development. The Civil Works projects will further these Recovery Act stated purposes of preserving and creating jobs and promoting recovery as well as to invest in transportation, environmental protection and other infrastructure that will provide long term economic benefits.

The Corps followed the Recovery Act's guidance which included commencing expenditures and activities as quickly as possible consistent with prudent management. The Corps made its allocation of Recovery Act construction funds based on the economic and environmental return of its ongoing projects. The projects will achieve the purposes of the Recovery Act to commence expenditures quickly by investing in infrastructure that will provide long term economic and environmental benefits to the Nation. Moreover, the projects are fully consistent with the President's direction to ensure that Recovery Act funds are spent responsibly and transparently.

The projects also meet the five criteria enumerated in the Congressional report accompanying the Recovery Act, namely that the projects:

- Be obligated/executed quickly;
- Result in immediate employment;
- Have little schedule risk;
- Be executed by contract or direct hire of temporary labor; and
- Complete a project phase, a project, an element, or will provide a useful service that does not require additional funding.

Question. I find it interesting that beach renourishment projects were deemed not eligible for funding in the Recovery Act and yet when the budget was released less than 3 weeks later, beach renourishment projects were included in your fiscal year 2010 budget. You had to be working on both of these at the same time. How is it that this decision was made?

Answer. The administration has reviewed the policy for beach nourishment and re-nourishment in the context of Flood and Storm Damage Reduction. After reviewing the policy, the decision was made to have beach nourishment and re-nourishment projects compete for funding with other Corps construction projects. The decision was made to support the highest performing beach nourishment and re-nourishment projects and the first opportunity to do so was in the fiscal year 2010 budget.

Question. It took 5 weeks from the time the President's budget was released on May 7 for the COE to provide detailed budget justifications. You knew in March

what your funding allotment was going to be. Reclamation on the other hand did not find out their allotment until much later, yet managed to get their justifications released with the budget. What was the problem?

Answer. I regret that the materials were not provided in a timely manner. We will work diligently to provide budget materials in a timely manner in the future.

Question. Are you aware of any other agency in the executive branch that took this long to get their budget justifications submitted?

Answer. No.

OZARK-JETA TAYLOR POWER PLANT, AR

Question. I am surprised that the contract for the Ozark-Jeta Taylor power plant is not funded for completion in the fiscal year 2010 budget. This is a project that you have budgeted for in prior years. Can you explain why you are not choosing to fund the completion of this contract in fiscal year 2010?

Answer. The Ozark-Jeta Rehabilitation Contract was not funded this year because the decision point for allocation of funding to high-value projects was made on a performance basis within available resources. The Ozark-Jeta Rehabilitation project has a benefit-cost ratio (BCR) of 1.8, which fell below the 2.5 BCR funding threshold.

Question. What is the cost to complete this contract?

Answer. The costs to complete this contract is \$33 million.

Question. What is the cost to terminate this contract?

Answer. The costs for the termination is estimated to be \$20 million.

Question. Why couldn't Recovery Act funds have been used to complete this project?

Answer. At the time decisions on Recovery Act project selections were made, the Army did not know the full extent of the fiscal year 2010 budget policies or the impacts on specific projects of such decisions. Therefore the Army did not know how Ozark-Jeta would be specifically treated in the budget.

Question. Was the criteria for inclusion in the Recovery Act different than the criteria utilized in the fiscal year 2010 budget?

Answer. Yes, there were many projects funded through the Recovery Act that would not be included in the fiscal year 2010 budget.

EARMARKS

Question. Do you or Ms. Archuleta have any idea how President Bush's Executive order on earmarks will be enforced by President Obama?

Answer. No, I do not.

Question. For fiscal year 2009, Congress referenced all of the Corps and Bureau text and tables into the law. Is this causing you any execution issues?

Answer. No.

Question. Is this contributing to an increase in carry over from one fiscal year to the next?

Answer. No.

NORFOLK HARBOR, CRANEY ISLAND, VA

Question. I notice that you have recommended funding for the Norfolk Harbor, Crane Island project as a new start construction project for fiscal year 2010. As authorized in WRDA 2007, this project is to be 50/50 cost shared between the Federal Government and the local sponsor. However, it is my understanding that the Chief of Engineers recommendation for the project was that it be cost shared at 4 percent Federal costs and 96 percent non-Federal costs.

Explain to us how a project that was authorized in violation of your own policies was funded as a new start in your budget?

Answer. The decision on which projects to start is based on their benefit-cost ratios. This project has a benefit-cost ration of 3.6 to 1 and was within the range of high-value projects selected for new starts. The project was first authorized in WRDA 98 at the 4/96 Federal non-Federal cost sharing based on the Chief's report of 1997. The budget is based on the project being executed at that cost sharing, rather than at the subsequently revised cost sharing.

Question. Are you aware of any other time that the administration has recommended funding for a project that was not authorized in accordance with administration policy?

Answer. Yes, and in that case also the project was budgeted on the basis that it would be executed at cost shared in accordance with policy.

Question. What makes this one special?

Answer. It is a high performing project with a benefit to cost ratio of 3.6.

Question. You proposed \$28.5 million for fiscal year 2010 which is clearly less than 4 percent of the total project cost of \$750 million. Your budget justification indicates that once you fulfill the 4 percent Federal share that no more funding will be recommended by the administration. Are you not then leaving us with the problem of fulfilling the cost share authorized in law?

Answer. The 4 percent share is based on the allocation of project costs as shown in the Chief's report of 1998 and reflective of the large local sponsor investments that must be made in land-side facilities and lands, easements and rights of way.

INLAND WATERWAYS TRUST FUND

Question. You have again proposed a lockage fee as a replacement for the current diesel tax on the Inland Waterways as a way to enhance revenues in the Inland Waterway Trust Fund. This fee was roundly rejected by industry and Congress last year.

Do you see a different outcome this year?

Answer. The Inland Waterways Users Board formed an Inland Marine Transportation System (IMTS) Investment Strategy Team, with participation by representatives of the inland navigation community and Corps of Engineers representatives from around the country, to consider long-term investment options and to address the shortfall in the Inland Waterways Trust Fund (IWTF). The intent of this effort is to reach a consensus approach to address this issue.

Question. Has the administration worked with the Finance or Environment and Public Works Committees in the Senate to determine what might be acceptable to enhance these revenues?

Answer. I am not aware of such discussions.

Question. This subcommittee will write a bill to conform to the revenues as they currently exist in the Trust Fund. No solution to the inadequate revenue nor forgiveness of the matching requirements of the Trust Fund will be proposed by this subcommittee.

Were other methods to raise revenues besides this fee proposal considered?

Answer. The administration proposal reflects some changes from the bill proposed last year, and a number of possibilities are being evaluated by the IMTS Investment Strategy Team to address the solvency of the IWTF.

Question. What were they?

Answer. The IMTS Strategy Investment Team is evaluating options such as increasing the current fuel tax, lockage fees, and a combination of funding methods.

Question. How is the economic slowdown affecting the revenues in the existing Trust Fund?

Answer. Revenues generated by the fuel tax are lower in fiscal year 2008 and fiscal year 2009 than in recent years, about \$85 to \$87 million. Revenues generated for the Inland Waterways Trust Fund are affected by many factors such as the overall economy, fuel efficiency of towboat engines, market conditions for the various commodities transported on the inland and intracoastal waterways, etc. At least part of the decline in revenues in fiscal year 2008 and fiscal year 2009 is attributable to the economic slowdown.

Question. Will we have to slow down work even further?

Answer. The IWTF projects and corresponding amounts proposed in the President's fiscal year 2010 budget are predicated on revenue projections of \$85 million in fiscal year 2010. The budget also provides for using that revenue to bring the few remaining rehabilitation projects under construction that were exempt from cost-sharing in the fiscal year 2009 Omnibus Act back into a 50 percent-50 percent balance between Construction Appropriations and IWTF. Due to the number of projects currently underway, the large funding requirements of those projects, and the lack of IWTF resources, available revenue will be applied to ongoing projects so as to make reasonable progress on high performing projects.

EVERGLADES

Question. I am concerned by your Everglades request of \$214.3 million for fiscal year 2010. This amount is in addition to \$123 million we provided in the fiscal year 2009 Omnibus and more than \$100 million that you have proposed in the Recovery Act. That is nearly \$440 million provided in a matter of months that is intended to be utilized no later than September 30, 2010.

Your track record on expending Everglades funding has not been all that great. Do you really believe you can efficiently use this much funding this fast?

Answer. I believe the Everglades program has reached a point of maturity where efficient progress can be made using the full amount of funds budgeted.

Question. According to an article in the Miami Herald on June 16, issues between the State and Federal Governments over how the State will be credited for land purchases are holding up initiation of the Picayune Strand project planned for fiscal year 2009. You budgeted \$21.9 million in fiscal year 2009 to start this project and included \$40.8 million in the Recovery Act to accelerate the project. It appears that none of these funds can be spent based on this article, is that correct?

Answer. The issues described in the Miami Herald all have been resolved. The Master Agreement for the Comprehensive Everglades Restoration Plan (CERP) is scheduled for execution on August 13, 2009, as is the Project Partnership Agreement (PPA) for the Picayune Strand project. Following execution of these agreements, the Picayune Strand project construction will be initiated. The Corps is prepared to award and obligate all of the fiscal year 2009 appropriated funds, as well as the ARRA funds provided for Picayune Strand, in October 2009.

Question. If the dispute is not resolved by October 1, you may carry over the \$62.7 million planned for the Picayune Strand element. In addition, your budget indicates that you have programmed an additional \$44.4 million in fiscal year 2010. I believe that makes the total just over \$107 million for this project in fiscal year 2010 if the agreements can be worked out on crediting. Is that correct? Realistically do you believe you can execute this funding?

Answer. Yes, \$107 million is scheduled to be obligated for work planned on the Picayune Strand project, using funds previously appropriated and funds budgeted in fiscal year 2010. The execution of the Master Agreement and the Picayune Strand Project Partnership Agreement as scheduled August 13 will clear the path for construction. The first construction contract on the Picayune Strand project is scheduled to be awarded in October 2009, and the second contract is on schedule to be awarded in fiscal year 2010.

Question. Your fiscal year 2010 budget proposes two more new starts for a total of \$70 million. I believe you also have planned new starts for Mod Waters that you will be carrying out for the Interior Department.

It appears that there are an awful lot of planned starts and little action on getting anything built. I have to ask, is it prudent to propose two more new starts in fiscal year 2010, for funding that will likely have to be carried over into fiscal year 2011?

Answer. The fiscal year 2010 budget proposes the initiation of construction of two additional CERP projects, the Indian River Lagoon South C-44 (\$22 million) and Site 1 Impoundment (\$25 million). The Corps expects to obligate all those funds in fiscal year 2010. The Master Agreement will provide a streamlined process toward project delivery. With its planned execution on August 13 of this year, the CERP program is taking a major step forward in delivery of planned projects. Design efforts on the Indian River Lagoon and Site 1 Impoundment projects will be complete, and construction is ready to be initiated, consistent with project sequencing in the Integrated Delivery Schedule.

Question. We have an abundance of needs for that funding in fiscal year 2010. Despite the merits of the Everglades project it seems imprudent to be "parking" large sums of money in the project that cannot be utilized. This is not like running into an unexpected construction delay. The Miami Herald article indicates that this crediting dispute has been ongoing for 4 years. Don't get me wrong, I believe that restoration of the Everglades is a worthwhile expenditure of taxpayer funds, and this subcommittee has been supportive of it. Since fiscal year 2000, this subcommittee has appropriated more than \$1.3 billion to the various components of Everglades Restoration. That is a far bigger commitment than we have made to any other project over the same period. However, let's assume that everything falls into place. Will there be enough personnel to execute all of this planned work? How will this massive infusion of funding for Everglades projects affect future Corps budgets?

Answer. The crediting dispute is now resolved. As for personnel available to execute the program, the Corps is accustomed to adjusting management and oversight personnel in response to changing program levels and has plans in place to adjust personnel levels to short term and long term needs of the Everglades Restoration program. Each year we will consider the level of construction required to support planned Everglades work and balance these needs against the needs of other high performing projects.

Question. In fiscal year 2010, the Everglades gobbles up more than 13 percent of the Corps construction budget. The next highest funded project is the Herbert Hoover Dike, also in Florida, accounting for about 8 percent of the construction funds. That means that more than one-fifth of your construction money is going to Florida. I realize that the work is where the work is, but you can see that this puts me in a little bit of a quandary. Senator Feinstein would argue that there is plenty of work needed for flood control projects for Sacramento and Los Angeles. Senator Landrieu would argue that there is plenty of work needed for hurricane protection for

the Louisiana Gulf Coast. Senators McConnell and Alexander would argue that there is plenty of work needed to repair Wolf Creek and Center Hill Dams. Senators Schumer and Gillibrand would be happy to tell you about the work that could be accomplished on the New York and New Jersey project. It is certainly not my intent to pit one Member of the Senate against another, but you can see my dilemma. These are all authorized worthwhile projects. Yet you have not accommodated their needs in your budget in the manner that you have accommodated the Everglades. What am I to tell these members?

Answer. The administration has made funding decisions based on the performance of the projects. As the higher performing projects are funded to completion, opportunities to consider other projects will expand.

Question. The budget justification for the Everglades again shows more than \$4 million in Corps funding for the Modified Waters Delivery Plan. I thought Congress was quite clear in the fiscal year 2009 E&W bill, that this project should be funded through the Department of the Interior. Why is this included in the Corps budget when Congress has made it abundantly clear that this project should be funded 100 percent by Interior?

Answer. Completion of the Modified Water Deliveries to Everglades National Park Project remains a high priority for the administration. The fiscal year 2010 budget reflects the administration's continued belief that the Corps and the Department of the Interior each has a role to play in restoring flows to the Park.

Question. How much of the funding that this subcommittee has provided for Mod Waters was carried over into fiscal year 2009? How much will be carried into fiscal year 2010 based on current projections?

Answer. The unobligated carry over from fiscal year 2008 into fiscal year 2009 was \$32 million because the Corps was unable to award a contract for modifications to Tamiami Trail as a result of uncharacteristically high cost growth in the construction industry at the time. Since that time, the project scope has been revised and all associated issues have been resolved. No currently available funds are projected to be carried over into fiscal year 2010—all USACE available funds will be obligated on the Tamiami Trail construction contract, which is scheduled for award in September 2009.

Question. I was surprised at your recommendation of more than \$100 million for Everglades' projects in the ARRA. The Everglades projects consistently receive one of, if not the highest allocation of funds in our annual bill. These annual amounts are supposed to be very close to the Corps capability. You notified me in a letter dated June 15 that one of the projects, "Site 1", has been removed from the ARRA list. I believe this project was planned for over \$41 million in Recovery Act funding. Can you tell me about the decision process that brought you to include this project in the ARRA and the decision process to remove this project for consideration?

Answer. The Everglades project is one of the highest value major environmental projects that this administration is pursuing. The project is of such value that the Army sought to accelerate the current plan through the use of ARRA funds. As explained in the referenced letter of June 15, 2009, if appropriations for Site 1 are made available in the Energy and Water appropriations for 2010 as recommended by the President, then Site 1 would be eligible to receive Recovery Act monies, if such are available at that time. Should Congress not provide construction funds for Site 1 in fiscal year 2010, then Recovery Act funds cannot be used for that project.

Question. How much of the funding is anticipated to be carried over from fiscal year 2009 to fiscal year 2010?

Answer. The estimated carry over from fiscal year 2009 to fiscal year 2010 for the South Florida Ecosystem Restoration (SFER) Program is \$31 million. The majority of carry-over funding is due to delays in execution of the Master Agreement and to the receipt of favorable contract awards.

Question. There has been a lot of talk of the State of Florida purchasing the lands belonging to U.S. Sugar. If that happens, will that affect the analysis of the projects that have already been planned?

Answer. The affects of any lands purchased by the State of Florida remains uncertain, since the State has not yet determined their planned use of any lands purchased. However, the Corps has determined that the U.S. Sugar acquisition is not likely to affect the majority of projects identified for early implementation in the Integrated Delivery Schedule. Because of its proximity to the lands being acquired and potential affects to planned CERP features, the Everglades Agricultural Area Phase 1 Reservoir Project Implementation Report development has been suspended pending the outcome of the sugar purchase and assessment of affects planned use of U.S. Sugar lands may have.

Question. Put more simply, this would be a major change without project conditions. How will that be incorporated into the design of current and future projects?

Answer. The projects currently under construction and in design are not likely to be affected. However, it is possible that the State's land acquisitions may provide opportunities to improve the CERP Plan. The land purchase provides several key areas that may allow for substantial savings in the future.

Question. Might this purchase result in the need for a major reevaluation of the suite of projects being considered for the Everglades?

Answer. The projects currently under construction and in design are not likely to be affected. If the State indicates its intent to make the lands available for potential use in the CERP, the Corps would prepare a report to assess these opportunities, which would then be evaluated in detail in Project Implementation Reports and proposed for authorization.

Question. There has been considerable discussion of global climate change and sea level rise in the media. Some of the more extreme projections I have seen show much of Southern Florida under water. While that is a possibility, how is the design of the current projects considering global climate change?

Answer. The September 2008 Biennial Report to Congress recommended that additional studies be undertaken to determine sensitivity of restoration efforts to sea level rise. A CERP Technical Data report is now being developed to identify the potential impacts for a range of sea level rise scenarios. The initial draft of this Technical Report is expected to be available in late 2009.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. In late 2005, following hurricanes Katrina and Rita, Congress directed the Secretary of the Army (Public Laws 109-103 and 109-148), acting through the Chief of Engineers, to conduct a comprehensive hurricane protection analysis and design in close coordination with the State of Louisiana and its appropriate agencies; to develop and present a full range of flood control, coastal restoration, and hurricane protection measures exclusive of normal policy considerations for South Louisiana; to consider providing protection for a storm surge equivalent to a Category 5 hurricane; and to submit a preliminary report within 6 months of enactment and final technical reports within 2 years. We now refer to this report as the LACPR or Louisiana Coastal Protection and Restoration Study or the "Category 5 Report".

Mr. Secretary and General, I understand that this report is now under further public review, but can you please detail for this subcommittee why is this report is nearly 2 years late? Additionally, please detail how the money appropriated for this report has been spent? Lastly, when the report is transmitted—will it contain specific recommendations for the authorizations of projects?

Answer. Inserted below is a letter that was forwarded on February 9, 2009 to the President of the Senate regarding the progress of the Louisiana Coastal Protection and Restoration (LACPR) Technical Report. It also discussed actions required to complete the technical report.

As indicated in the letter, the Corps has worked diligently to ensure that the report addresses the entire scope of issues required by statute, including developing a full range of flood control, coastal restoration, and hurricane protection measures without regard to normal policy considerations related to the economic justification of projects, as well as to submit a final technical report for protection from Category 5 storm events.

The Corps also has worked to coordinate its efforts with State and Federal agencies, obtain independent external peer review, and incorporate lessons learned from the Interagency Performance Evaluation Task Force.

DEPARTMENT OF THE ARMY,
OFFICE OF THE ASSISTANT SECRETARY,
Washington, DC, February 9, 2009.

Honorable JOSEPH R. BIDEN, JR.,
President of the Senate,
U.S. Capitol Building, Room S-212,
Washington, DC 20510-0012.

DEAR MR. PRESIDENT: This letter is to advise you of the current progress of the report for Louisiana Coastal Protection and Restoration (LACPR) that is being prepared in response to the Energy and Water Development Appropriations Act of 2006 and the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic and Influenza Act, 2006.

These statutes directed the Chief of Engineers to conduct a comprehensive hurricane protection analysis and design; to develop a full range of flood control, coastal

restoration, and hurricane protection measures exclusive of normal policy considerations for South Louisiana; and to submit a final technical report for "Category 5" protection. The final report was originally scheduled for completion in December 2007. However, as described in my letter to you of December 20, 2007, due to the magnitude and scope of the work being considered, the complexities of the study, and the necessity to provide a clear and fully informed report, additional time was needed to revise the draft technical report and to ensure its full coordination with State and Federal agencies, including critical independent external peer review by the National Academy of Sciences (NAS).

While this study was underway, we incorporated the extensive knowledge and lessons learned from the Interagency Performance Evaluation Task Force (IPET) which itself was conducted under the review of the American Society of Civil Engineers and the independent peer review of NAS. Many of the models and tools that were developed by the IPET team provided a critical foundation to this study. Included within this study will be a systems analysis of both LACPR and the Mississippi Coastal Improvement Program (MSCIP). This continued analysis will ensure that we maintain a systems perspective for the region.

The study authorization directed that the recommendations of this study not be constrained by normal policy considerations (i.e., not be constrained by the ratio of their projected costs to their projected benefits). U.S. Army Corps of Engineers (Corps) policy is to recommend to Congress a single plan that maximizes net economic benefits in meeting the study objectives. Without such a definitive discriminator the Corps' design recommendations could default to simply the most effective means of providing the required protection, but this approach undoubtedly would come at great cost, both to the Treasury and to the ecosystem. It is apparent, therefore, that decisions made by Congress regarding the activities to be authorized will need to be supported by a report that arrays the available information in a way that the relative advantages and disadvantages of the various courses of action can be readily displayed. An undertaking of such scope and complexity as providing comprehensive storm surge protection within a dynamic coastal and riverine environment and within an environmentally and socially-sensitive framework is an undertaking that requires supporting information of far greater scope and complexity than has ever been developed for other Civil Works projects.

Consequently, a new tool to support the decisionmaking process has been developed by the Corps. The "risk informed decision framework" was utilized in both Gulf Coast studies to array the various alternatives that are considered most likely to be implementable, along with the assessments of various stakeholders, in a way that communicates the relative advantages and disadvantages of each. As a result of this process, decisionmakers should be able to make a well-informed decision as to which alternatives can be knit into a holistic and systematic solution to the problems and are worthy of further pursuit.

Over the past year, the Corps has worked in partnership with the State of Louisiana and other Federal agencies to refine the final array of alternatives which would make the Louisiana coast more resilient to future storm events. Tremendous efforts have been undertaken by the Corps and our partners toward the production of the final report. Approximately 20 meetings were held across the Louisiana coast with stakeholders and our Federal partners. There was also a critical need to ensure that the Corps completed an independent external peer review by the NAS. The NAS has provided initial comments and will be completing a final review within the next few months. Its initial comments are being addressed in the revisions to the technical report.

In the coming months, the Corps will circulate draft and final reports, formerly coordinate the final report with the Governor of Louisiana and the Federal agencies, and undertake a final review process. The final report will include an array of alternatives with evaluation results for each alternative and a comparison of top-ranked plans based on input from stakeholders. This will include a ranking of alternatives that provide hurricane and storm risk reduction from an array of "Category 5" storm events. Due to the size and complexity of the Louisiana coastal system, a preliminary level of design and cost information is included, but a programmatic environmental impact statement will not be part of the submission package. The final technical report will provide a basis for sound, risk based, consideration of possible actions to manage storm surge related risks and will take into account previously authorized projects and those requiring further analysis.

The Corps advises me that it will be in a position to submit a final report that is responsive to congressional and administration directions to this office by August 31, 2009. The Corps will also provide an implementation framework with the report. Once the Corps provides the complete documentation for the LACPR study, my office and the Office of Management and Budget will evaluate the report and provide

an administration position on further recommendations. I am providing a copy of this letter to the Senate Subcommittees on Energy and Water Development, and Transportation and Infrastructure.

Very truly yours,

JOHN PAUL WOODLEY, JR.,
Assistant Secretary of the Army.

Since the 2005 authorization, the Corps has obligated and expended approximately \$22,769,000 on the LACPR Project, as follows:

Planning and Project Management	\$9,561,000
Engineering & Design	3,944,000
Socioeconomics and Analysis	2,919,000
Environmental Studies	1,005,000
Real Estate Investigations	52,000
Multi-Criteria Decision Analysis (MCDA)	849,000
Public Outreach	783,000
Other Federal Agencies	980,000
Report Development	535,000
Agency Technical Review (ATR)	765,000
External Peer Review	876,000
Dutch Shadow Plan	500,000
Total	22,769,000

In lieu of specific construction recommendations, the technical report recommends implementation options and a path forward beyond the technical report.

The report will require Congress and the administration to make tradeoffs with the input of other Federal agencies, the State, local government, other stakeholders, and the public. These decisions will involve billions of dollars and will impact the coast and its people over the next 50 to 100 years.

All of the final alternative plans may have social and economic impacts requiring further evaluation and stakeholder input. The Corps will implement recommended projects in the most expeditious manner available by maximizing the use of available construction and study authorities (i.e., modifications of on-going projects/studies, post-authorization change reports, or new authorizations).

Question. In WRDA 2007, the Congress authorized the Louisiana Coastal Area or LCA. This authorization provides—for the first time—authorization for coastal wetlands restoration in Louisiana. What is the status of this program in general and what is the timetable for creating a master plan under this program as required by the act? Has a task force been established? If not, why?

Answer. The authorization for the Louisiana Coastal Area as identified in the Chief's Report dated January 31, 2005 required additional investigations prior to the initiation of construction. Overall, 12 project investigations are underway with 10 of those investigations starting after the enactment of WRDA 2007. I am advised that the investigations for the features authorized in section 7006(e)(3) of WRDA 2007 are on track for completion of a Chief's Report by December 31, 2010 (as required by section 7006(e)(3)(B)). The investigations for the features authorized by section 7006(e)(1) are scheduled to be completed by November 2011. The investigation for the Beneficial Use of Dredged Material Program authorized in section 7006(d) is scheduled to be completed by July 2010. The investigation for the Barataria Basin Barrier Shoreline feature authorized by section 7006(c) also is scheduled to be completed by July 2010, although issues remain to be resolved. The project management plans for the investigations for the other features that require submittal of a construction report, as outlined in section 7006(c), are being coordinated with the State of Louisiana.

WRDA 2007, title VII, section 7002 provides for the development of a Comprehensive Plan. Given the importance of and the extensive, ongoing efforts to implement the restoration plan authorized in title VII, no work will be initiated to develop a comprehensive plan until such time as funds are appropriated.

Section 7004 of WRDA 2007 establishes the Coastal Louisiana Ecosystem Protection and Restoration Task Force (Task Force), but to date, funds have not been appropriated to implement section 7004. In the interim, the Corps New Orleans District and Mississippi Valley Division have successfully engaged Federal and State agency representatives at the regional level throughout the study process for the Louisiana Coastal Protection and Restoration study and the Louisiana Coastal Area program. Similarly, Corps Headquarters has engaged Washington-level Federal Principals throughout the study process for these efforts. These meetings have been

an efficient and effective way to communicate and solicit input from the agencies. Until funds are appropriated for the Task Force, the Corps will continue to engage the Federal and State agencies through the regional working group and Federal Principals Group.

Question. The Corps of Engineers is currently re-evaluating Morganza to the Gulf Hurricane Protection project due to projected cost overruns. This situation is unacceptable. Congress has done its job by authorizing this project and the Corps should move quickly to sign the Record of Decision, remove any remaining obstacles and get to work. What is the status of this re-evaluation? Will the State and local government receive credit for the nearly \$200 million they have appropriated for this project? In the long term, how will the Corps work with State and local partners to allow them to move forward with interim measures of protection on critical Federal projects and receive credit for this critical work?

Answer. Section 1001(24) of the Water Resources Development Act of 2007 (WRDA 2007) authorized 100-year level of risk reduction for Morganza to the Gulf based on the Chief of Engineer's Reports completed on August 23, 2002, and July 22, 2003. Due to changes in hydraulic conditions and design criteria established following Hurricanes Katrina and Rita in 2005, a revised project cost estimate was completed in October 2008. In this analysis the Corps applied the lessons learned and engineering design recommendations for improving the performance of hurricane and storm damage risk reduction systems that were identified by the Inter-agency Performance Evaluation Task Force (IPET). The results of the revised project cost estimate clearly show that the cost to provide post-Katrina 100-year level of risk reduction will exceed the authorized project cost by more than 20 percent, thereby exceeding the limit imposed by section 902 of WRDA 1986 and triggering the requirement for additional authorization. A Post Authorization Change (PAC) Report is being prepared to reaffirm the Federal interest and seek additional authorization. The PAC Report is scheduled for completion by December 2012. Initiation of construction of the Morganza to the Gulf project will be dependent upon additional Congressional authorization and appropriation of construction funds.

As is the case for all Work-In-Kind credit, the non-Federal sponsor's design and construction will be reviewed for compliance with the Hurricane and Storm Damage Risk Reduction System guidelines, and a credit determination will be made on a case-by-case basis for each project feature.

In order to maximize the amount of Work-In-Kind credit our State and local partners may receive, the Corps will continue to help our partners comply with the Hurricane and Storm Damage Risk Reduction System guidelines, considered the Federal standard. Specifically, the Corps will review and comment on the local sponsor's real estate acquisitions, relocations and engineering designs in a timely manner. The Corps will also conduct periodic field inspections on the local sponsor's construction sites, provide inspection reports, and work with the sponsor if any remedial actions are required to meet the Federal standard. In order for credit to be awarded, the project will have to be reauthorized, construction funds will have to be appropriated, a Record of Decision will have to be signed and a Project Partnership Agreement (PPA) will have to be executed.

For any work performed by the our State and local partners in advance of the execution of a project partnership agreement to be eligible to receive a credit, the reauthorization of the project must include a provision that authorizes the Government to provide credit to the sponsor for the reasonable and allocable costs of the work performed in advance of the execution of the project partnership agreement and that the provision of such credit shall be subject to a finding by the Government that the said work is compatible with the Federal project, is constructed to a design standard that is acceptable to the Chief of Engineers, is economically justified and environmentally acceptable.

Question. The Harbor Maintenance Trust Fund (HMTF) was created to provide the necessary funding to keep our harbors, ports and waterways safe and navigable; yet, the HMTF takes in far more revenues each year than it spends despite a backlog of approved projects. (NOTE: In fiscal year 2009, due to multiple supplemental appropriations bills including those for natural disasters, HMTF expenditures equaled revenues, but this is the rare exception, and our ports shouldn't be put in a position where they should have to depend on such supplementals simply to receive funding for necessary projects). Now that there is a substantial balance in the fund, don't you think annual expenditures should at least equal annual revenues? Do you think the HMTF should be restructured in order to more effectively use the funds collected?

Answer. The overall Operation and Maintenance (O&M) program is prioritized for all missions, including navigation, flood risk management, hydropower, etc. O&M funding is budgeted for the diverse Civil Works missions based on performance

metrics and priorities. The O&M budget includes funding for critical maintenance of the highest use navigation channels and harbors. If the HMTF funded activities were to be increased, other critical mission areas would be adversely impacted.

QUESTIONS SUBMITTED BY SENATOR ROBERT F. BENNETT

OZARK-JETA TAYLOR HYDROPOWER REHABILITATION

Question. I am aware that it is the Corps's policy, and that of this Congress, to enter into Continuing Contracts only when they are necessary for efficient construction. Congress has limited the Corps use of continuing contracts to insure that they are only used when necessary, and with the understanding that the Corps will budget these contracts efficiently through to completion. You have not budgeted for the continuation of the Ozark-Jeta Hydropower Rehab project, which will deliver clean, renewable energy into the foreseeable future when finished, even as you have budgeted extraordinary amounts for the Everglades where the benefits are much less tangible. Further, my understanding is that you require only \$30 million to complete the contract and it will cost \$20 million to terminate the contract. To not budget to continue this contract appears to be not only bad government, but also to contradict past Corps policy regarding budgeting for continuing contracts. Please provide the rationale for failing to budget to continue the work on the Ozark-Jeta Hydropower Rehab Continuing Contract?

Answer. The Ozark-Jeta Rehabilitation Contract was not funded this year because the decision point for allocation of funding to high-value projects was made on a performance basis within available resources. The Ozark-Jeta Rehabilitation project has a benefit-cost ratio (BCR) of 1.8, which fell below the 2.5 BCR funding threshold.

Question. The work for the Ozark-Jeta Hydropower Project is almost two-thirds complete. Not only has the Federal Government invested more than \$44 million to date, the non-Federal sponsors for this project, the Southwestern Power Marketing Association, have invested \$20 million of their money. By your estimate, it will cost \$20 million to pay the contractor to terminate this contract. Do you have any plans to reimburse the SWPA or their rate payers for their out-of-pocket costs? Did you consider the impact of this decision on the rate payers?

Answer. As sponsors and signatories to the Project Cooperation Agreement for the project, the SWPA and/or their rate payers are subject to paying their share of the costs incurred by the project, even those for termination for convenience without reimbursement by the Corps or the Federal Government. The Army does not have authority to reimburse SWPA.

Question. I understand that at least one turbine has already been dismantled and that an additional turbine has been ordered. What do you plan to do with the turbine that has been ordered—let it rust?

Answer. The Army is currently working with the contractor to assess the project schedule to incorporate current funding constraints. Our goal is to develop a plan that will allow for beneficial use of all funded features of the project.

Question. How do you expect additional funds "to become available" if you don't budget for the project? Are you leaving it up to this subcommittee to fix this problem? Does it require a congressional add, which is disparaged by the administration, to correct this lapse in judgment on the Government's part?

Answer. The Army is looking at other options for funding of the project in fiscal year 2010. The Army is working with the Southwestern Power Administration, the agency in the Department of Energy responsible for marketing the power generated at Ozark, to identify "customer funding" to continue contractor activities. The Army is also assessing the potential to fund fiscal year 2010 scheduled work with ARRA funding. If neither of these possibilities work out, the project will be put in caretaker status subject to funds coming available.

Question. Mr. Secretary, How much energy will be lost as a result of not funding this project?

Answer. According to the Southwestern Power Administration, the amount and value of the lost energy due to forced outages at Ozark for the last 2 fiscal years is 82,420 MWh valued at \$5.1 million in fiscal year 2007; and 153,550 MWh valued at \$9.5 million in fiscal year 2008. That rate of loss would continue or increase.

Question. Mr. Secretary, What will happen to the Corps and contract workers when this project is terminated?

Answer. This project is being constructed concurrently with the Webbers Falls Powerhouse rehabilitation project. If the Ozark Powerhouse Rehabilitation work is suspended or terminated, Corps and contract workers will be shifted from Ozark to

Webbers Falls. At this time, the Corps does expect any employees will be terminated.

Question. Mr. Secretary, I notice that you have funded the Richard B. Russell Powerhouse Rehab project when it has a benefit-cost ratio of 1.9 which is lower than the BCR of Ozark-Jeta, AR project which is 2.4. Can you explain why these two projects which appear to be the same were treated differently in the budget?

Answer. While Richard B. Russell is a Hydropower project on the Savannah River in GA and SC, the item budgeted for fiscal year 2010 is an environmental mitigation piece of the project. The work essentially deals with environmental monitoring of the oxygen injection system. Funds are budgeted for procurement and fabrication of 50 percent of the Government furnished equipment associated with the underwater diffuser system. For the record, the Ozark-Jeta project has a current benefit to cost ratio of 1.8.

BUDGET REQUEST

Question. In your press release on the fiscal year 2010 budget you state that "The budget represents the prudent level of investment in the Nation's water infrastructure and in the restoration of its aquatic resources. I am proud to present it."

What exactly are you proud of? Is it the more than 100 on-going construction projects funded in fiscal year 2009 that are not addressed in this budget, or is it the \$227 million decrease from what we provided in the fiscal year 2008 Omnibus?

Answer. I am proud of the fact that the fiscal year 2010 budget provided an increase of nearly 9 percent above previously budgeted levels for the Corps of Engineers water program. The budget includes \$5.125 billion in new Federal funding for the Civil Works program, the highest budget ever proposed for the Civil Works program.

The fiscal year 2010 budget provides critical funding that will enable the Corps to continue to contribute to the Nation's efforts to revitalize the economy, and restore the environment.

Question. Is it prudent not to provide funding for projects that have been under construction for years?

Answer. Projects funded through the fiscal year 2010 budget are the highest performing projects in their respective categories, and it is important to fund these projects as efficiently as possible.

Question. What are we supposed to tell the project sponsors that are sharing in the costs of these projects?

Answer. The administration has made funding decisions based on the performance of the projects. As the higher performing projects are funded to completion, opportunities to consider other projects will expand.

Question. It will cost them more. It will cost us more. Again, how is this prudent?

Answer. By focusing available funding on the highest performing projects in their categories, those projects can be completed more efficiently and their benefits brought on line sooner.

QUESTIONS SUBMITTED BY SENATOR GEORGE V. VOINOVICH

Question. Should the Great Lakes Navigation System be funded as a "system" the way the Mississippi River System is?

Answer. The Great Lakes projects are individually authorized and are considered coastal projects. While there is some interdependence of the Great Lakes ports and harbors on each other, the Great Lakes system is non-linear and many Great Lakes ports and harbors can operate independent of other harbors. Conversely, the inland navigation facilities on the Mississippi River, Ohio River, and other inland waterways are linear and interdependent on each other, and a single closure in the system will stop all traffic. For other than short-haul movements, the commercial towing vessels must transit through many locks and dams to move from the point of origin to the destination point and all the inland navigation infrastructure along the way must be functional for the trip to occur.

THE AMERICAN RECOVERY AND REINVESTMENT ACT

Question. It is my understanding that the Corps used "geographic diversity" when allocating stimulus funds. However, the Great Lakes region, encompassing eight States, received only 2 percent of the \$4.6 billion in civil works funding. Can you explain?

Answer. The geographic diversity element was considered in the sense that the entire United States was canvassed for projects. ARRA projects are funded in 49 States, the District of Columbia, and Puerto Rico.

When the bill was enacted, the USACE received \$4.6 billion in American Recovery and Reinvestment Act (ARRA) funds in six different appropriation accounts. Each account has a purpose directed in statute and ARRA funding was directed or otherwise targeted to account capability. The projects selected represent a set of productive investments that will contribute to economic development and aquatic ecosystem restoration. The Civil Works projects will further these Recovery Act stated purposes of preserving and creating jobs and promoting recovery as well as to invest in transportation, environmental protection and other infrastructure that will provide long term economic benefits.

The Corps followed the Recovery Act's guidance which included commencing expenditures and activities as quickly as possible consistent with prudent management. The Corps made its allocation of Recovery Act construction funds based on the economic and environmental return of its ongoing projects. The projects will achieve the purposes of the Recovery Act to commence expenditures quickly by investing in infrastructure that will provide long term economic and environmental benefits to the Nation. Moreover, the projects are fully consistent with the President's direction to ensure that Recovery Act funds are spent responsibly and transparently.

The projects also meet the five criteria enumerated in the Congressional report accompanying the Recovery Act, namely that the projects:

- Be obligated/executed quickly;
- Result in high, immediate employment;
- Have little schedule risk;
- Be executed by contract or direct hire of temporary labor; and
- Complete a project phase, a project, an element, or will provide a useful service that does not require additional funding.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL ROBERT VAN ANTWERP

QUESTION SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. A large amount of goods move in and out of our Nation's ports, and these ports play a vital role in our Nation's economy. Louisiana has some of the largest and most critical ports in our entire Nation. Navigable and safe ports are also essential to our Nation's security. Do you think the Army Corps of Engineers should take national security into account when it prioritizes funding for operations and maintenance projects? How will this new administration ensure that our ports are secure and maintained for this critical commerce?

Answer. The impacts of a potential waterway closure due to loss of channel dimensions and/or lock/structure failure and its criticality to the navigation infrastructure are considered and weighted along with economic, environmental, safety, and industry impact factors. In addition, as a response to the Maritime Transportation Security Act of 2002, Corps locks were assessed for criticality and risk reduction to infrastructure and security upgrades were implemented at critical locks and maintained through project operations and maintenance funds.

QUESTIONS SUBMITTED BY SENATOR ROBERT F. BENNETT

CIVIL WORKS PROGRAM

Question. In your role as the Chief of Engineers, what do you see as the major water resource challenges facing this Country in the future.

Answer. Some of the major challenges are in the area of developing new strategies to operate and manage existing water infrastructure in a sustainable manner that not only meets the Nation's contemporary water resources needs, but also adapts to changing conditions such as climate change and demographic shifts to ensure such resources are available for future generations. Competing water uses must be balanced to provide multiple benefits such as economic security, environmental health, social well-being, and public safety. For example, navigation projects must be designed and operated to not only safely and efficiently convey vessels and cargo to ports and waterways, but do so in an environmentally responsible manner. Flood risk management projects must simultaneously reduce flood risks and sustain healthy ecosystems. To address these competing demands, the Corps is beginning to undertake a new overarching strategy called Integrated Water Resources Man-

agement, which seeks to foster equitable, efficient management and sustainable use of water. There is much work to be done but it will lead to significant gains in these areas.

Question. What level of funding would be necessary to maintain the progress realized in the Civil Works Program through the enacted appropriations levels for the past couple of years?

Answer. This is truly a difficult and challenging question, in this time of significant funding for the Corps of Engineers Civil Works program. The Corps is currently working with over \$20 billion that have been provided through a variety of appropriations, including not only regular Energy and Water appropriations, but also the American Reinvestment and Recovery Act and emergency supplemental funding. That is an unprecedented amount of money for the Corps of Engineers.

Question. If the administration's budget proposal is enacted, what will be the impact on meeting the Army Corps' O&M backlog? The construction backlog?

Answer. The fiscal year 2010 budget does not reduce the magnitude of the O&M and construction backlog. However, the budget is the appropriate mix of Construction and O&M funding and will enable the Corps to meet essential construction, operation, maintenance, and rehabilitation requirements in the Civil Works program. The O&M backlog and the Construction backlog do not represent a prioritization of work within either of the two accounts or between the accounts. The priority of work in the backlog varies widely.

Question. What is the percentage of the Nation's commerce that come into or leaves this Country that goes through a Corps built and maintained harbor?

Answer. The Corps of Engineers has 299 deep draft coastal harbor channels. Virtually all the waterborne cargo passes through a Corps navigation project, and anecdotal evidence indicates the vast majority of all import and export commerce passes through them. The Corps of Engineers doesn't track waterborne commerce in a way that enables me to provide a more specific answer to your question.

Question. Could you characterize the proportion of the discretionary budget of the Federal Government that is directed toward building and maintaining this Country's water infrastructure today versus 30 years ago?

Answer. Multiple agencies, including the Department of the Interior (Bureau of Reclamation), were provided resources for building and maintaining the Nation's water infrastructure. The Corps of Engineers, in fiscal year 1979, was provided 1 percent of the discretionary budget of the Federal Government for civil works projects and programs.

In fiscal year 2009, 1.07 percent of the Federal Government's discretionary budget was provided for the Corps of Engineers. However, given the magnitude of changes in the Nation and in Federal programs, it is not clear that these percentages are meaningful.

Question. Could you provide a historical perspective on the value of the Nation's inland waterways for national security and economic security?

Answer. Navigation has been very important to national security and economic security for over 200 years. The benefits of navigation accrue to the Nation as a whole, with 31 States directly served by the 12,000 mile commercial inland waterways. This helps to explain the major Federal interest in our Inland Marine Transportation System (IMTS).

The IMTS is a major transportation mode and the Nation's industrial and agricultural sectors would be profoundly affected without an efficient, effective and safe Inland Marine Transportation System. The waterway system annually handles well over 600 million tons of cargo valued at over \$112 billion. This includes energy commodities such as coal; petroleum and related products; construction materials; grain and other farm products, which move by waterways to ports for export; industrial and agricultural chemicals; forest products; and manufactured goods.

The waterways play an important role is the movement of military equipment, supplies, fuel, and many defense-related raw materials and finished products. Over the years since World War II the use of the waterway system for national security purposes has shifted from rapid mobilization to a more lengthy mobilization. The waterway system now plays a role in the long-term or advance movement of military supplies, cargo, equipment, fuel, and industrial materials. With a longer mobilization scenario there is increased consideration of civil and industrial as well as military transportation needs. The interpretation of national defense transportation needs now includes three components: traditional military mobility, industrial mobility to support a conflict, and support for a mobilized civil economy. This paradigm places additional emphasis on the use of the inland waterways.

Question. How much unobligated funding did the Corps carry over from fiscal year 2008 to fiscal year 2009?

Answer. Unobligated funding carried over in the accounts receiving annual appropriations is as follows.

[In millions of dollars]

Investigations	92
Construction	1,461
Operation & Maintenance	432
Mississippi River and Tributaries	95
Formerly Utilized Sites Remedial Action Program	5
Flood Control and Coastal Emergency	3,516
Regulatory Program	12
Expenses	1
TOTAL	5,614

These figures do not include funds appropriated in Public Law 110-252 and not available for until fiscal year 2009, or funds appropriated in Public Law 110-329 that were not available until fiscal year 2009.

Question. To what do you attribute this large carryover?

Answer. About \$4.4 billion of the total is supplemental funds appropriated to respond to emergency events. Often, obligations for project repairs and restoration activities following emergency events extend beyond the fiscal year in which the emergency events occur. In particular, about \$3.5 billion of the supplemental funds carried over are Construction funds and Flood Control and Coastal Emergency funds being used in the program to protect the New Orleans metropolitan area, which is scheduled for completion in fiscal year 2011.

About \$1.2 billion is regularly appropriated funds being carried over on a variety of projects. This level of carryover is not unexpected, given that funds by and large are remaining on the projects for which they were provided, with minimal re-programming compared to years before fiscal year 2006.

Question. Do you anticipate another large carry over balance from fiscal year 2009 to fiscal year 2010?

Answer. In fiscal year 2009 the Corps received, in addition to regular appropriations of \$5.4 billion, supplemental funding of \$9.3 billion under Public Laws 110-252, 110-329, and 111-32, plus \$4.6 billion of funding under the American Recovery and Reinvestment Act, 2009, Public Law 111-5. Of the supplemental funding, \$5.8 billion is for the New Orleans metropolitan area, and much of the rest is for repairs and restoration activities that can extend into fiscal year 2010.

In addition, just under one-half of the Recovery Act funding will be obligated in fiscal year 2009. Therefore, there will be significant carryover into fiscal year 2010.

QUESTIONS SUBMITTED BY SENATOR GEORGE V. VOINOVICH

GREAT LAKES

Question. The Corps has dredged at less than the “break-even” line for virtually every year in the last decade for the Great Lakes. The only year, fiscal year 2008, in the last decade when the Corps dredged above the break-even point occurred because Congress added significant funding for that purpose. The Corps responded with a proposed administration Great Lakes budget for fiscal year 2009 that drastically cut the enacted amount. Please explain why there is so much resistance to dredging at or above the break-even point? Is it common in other regions to hit the break-even level of dredging only occasionally over an extended period of years?

Answer. The President’s fiscal year 2010 budget for navigation Operation and Maintenance for the Great Lakes is a \$4 million increase over the fiscal year 2009 program. Competition for Federal funds is very keen and gets tighter each year. Our Operation and Maintenance (O&M) funding requirements continue to grow as the infrastructure ages, newly constructed projects are added to our inventory, and costs increase. The Corps budgets for many worthwhile operation and maintenance needs across the entire spectrum of Civil Works projects by prioritizing projects based on maximizing benefits. In navigation, the focus is on harbors and waterways that have high volumes of commerce.

Question. The 2008 Army Corps document, Great Lakes Navigation System: Economic Strength to the Nation, describes the Great Lakes as having a dredging backlog that has “grow[n] to an unprecedented level in major navigation channels and harbors.” How can the Corps ever address the estimated \$200 million Great Lakes dredging backlog when the Corps keeps dredging at less than the break-even level?

Answer. The Corps has not been able to keep pace with annual channel sedimentation and within a relatively short period (e.g., 5 years) cannot address prior years' accumulations (backlog) under historical funding levels. In fiscal year 2008 the Corps reduced the backlog in dredging quantity from 18 million cubic yards to 17 million cubic yards. Once the Corps completes the dredging funded by the fiscal year 2009 Omnibus and Recovery Act appropriations, the backlog will be reduced to 15.3 million cubic yards. These appropriations enabled us to address the backlog dredging needed to move toward a high performing Navigation system.

The Corps could address the dredging backlog by planning other possible alternative control measures including higher efficiencies and a Demonstration Regional Commercial Efficiency Dredging Program. While the Corps always seeks to execute our programs in the most efficient manner possible, efficiencies addressing the dredging process are currently under review. For example, working with the States and other agencies toward less restrictive environmental windows to increase the time available to dredge in particular harbors will help reduce costs. The Corps plans to work with dredging contractors to find ways to reduce costs and plan to work with States to explore reducing restrictions on open water disposal and thus reduce filling rates for expensive Confined Disposal Facilities.

The Corps will renew emphasis on beneficial use of dredged material and to open a dialog with State agencies for a scientifically-driven review of open water disposal policies to ensure that the environmental protections are achieved at the least cost to the taxpayers. A technical plan "Demonstration Regional Commercial Efficiency Dredging Program" using highly efficient, more technically advanced equipment to augment the typical annual dredging process will be prepared. This is the most promising prospective remedial action to address the dredging backlog but must be worked in concert with the other potential efficiency improvements. Solutions will be planned considering other competing national needs which have historically challenged resourcing backlog projects in the Great Lakes; however our goal is unwavering to meet the needs of waterborne commerce on the Great Lakes by making steady progress in reducing the dredging backlog.

Question. Does the Corps consider the "source of funds" when making budget decisions? For example, shouldn't a project funded by industry via the Harbor Maintenance Trust Fund receive a higher priority than one funded by the taxpayers or cost shared by the taxpayer? Why doesn't the Corps spend what it collects from the Harbor Maintenance Trust Fund on eligible projects?

Answer. The Corps of Engineers has a number of cost-sharing authorities for the Civil Works program. The source of funds is just one of many factors considered in the budget development process. The Corps of Engineers' overall Operation and Maintenance (O&M) program is prioritized for all missions, including navigation, flood risk management, hydropower, etc. Funding is budgeted for the diverse Civil Works missions based on various metrics and priorities within available resources, and other critical mission areas would be adversely impacted if the funding for those activities were reduced to accommodate additional funding for HMTF funded activities.

Question. The Corps uses different metrics to prioritize projects. Would it make sense to use the same metric for all parts of the country? Would transportation rate savings be a more appropriate metric than tons or ton-miles? Should the same metric be used for domestic transportation systems and a different metric for import/export systems? Should all tons be treated equally or should a domestic ton that creates value for Americans on both ends of the trip be treated differently from one that imports products while exporting jobs.

Answer. Harbors and waterways are vital components of the Nation's transportation system. The Corps funds many worthwhile maintenance needs across the entire spectrum of Corps of Engineers Civil Works projects by prioritizing projects based on maximizing benefits. In navigation, the focus is on harbors and waterways that have high volumes of commerce. Funding is also based on other factors, particularly those that serve as critical harbors of refuge, subsistence harbors, facilitate U.S. Coast Guard search and rescue operations, supply energy needs to communities, and those that play an important role in national security and defense. The Corps is developing the necessary tools to use a risk-informed, asset management based approach to prioritizing funding and to evaluate the Federal return on investment. These tools will help in making better funding decisions than tons or ton-miles. In the mean time, the approach outlined above assists in making the best use of constrained resources and provides for commercial goods to reach the market and contribute to the economic well being of the Nation.

QUESTIONS SUBMITTED TO HON. MICHAEL L. CONNOR

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

RURAL WATER

Question. In prior years I have talked about the drought situation in the West particularly as it relates to North Dakota. As we know, that is not the situation this year. However, can you talk about the drought situation in the West and what we should expect based on current models?

Answer. Without significant snow pack or substantial rainfall, current drought conditions are expected to continue. Precipitation outlooks are generally unreliable beyond 3 months, and Reclamation itself does not forecast weather or drought conditions. Reclamation tracks current drought conditions based on information provided by other agencies focused on weather, including the National Oceanic and Atmospheric Administration's Climate Prediction Center (<http://www.cpc.noaa.gov/>), and the Drought Monitor, managed by the National Drought Mitigation Center (<http://www.drought.unl.edu/dm/monitor.html>).

Reclamation is working, together with other agencies, to promote the development of climate science and tools that will allow us to evaluate the impacts of climate change on water supplies. Reclamation has formed a Federal Climate Change and Western Water Group (CCAWWG) dedicated to providing scientific and research collaboration in support of Western water management as climate changes.

Question. There are a number of projects in the fiscal year 2009 Energy and Water Act that were not included in the President's fiscal year 2010 budget request. Can you provide us the capability amounts needed for those projects?

Answer. All rural water projects are included in the President's fiscal year 2010 budget request.

Question. I am happy to see that you have included all of the currently funded rural water projects in your budget. Although some are funded at very low levels. How did you arrive at the funding decisions for these projects?

Answer. Rural water projects included in the fiscal year 2010 President's budget request followed the criteria established by Reclamation which first provide for the required O&M component and then for projects nearest to completion and projects that serve on-reservation needs.

Question. How are we ever going to make progress on completing these projects, at these low budget levels? Inflation is going to increase the project cost faster than the funding we are investing.

Answer. Reclamation is making significant progress in funding rural water projects throughout North and South Dakota and Montana. ARRA funds in the amount of \$200 million were allocated to rural water projects. The Mid-Dakota rural water project was completed in fiscal year 2006 and Mni Wiconi is scheduled to be completed by 2013.

TITLE XVI

Question. Title XVI programs are not well supported by the administration. Can you explain what the issues are with this program? It seems the program would be a good fit with Reclamation's mission of bringing water and power to the west.

Answer. The title XVI Water Reclamation and Reuse Program is an important part of Reclamation's mission and is a key element of Reclamation's Water Conservation Initiative to address 21st century water challenges. Projects funded through the title XVI program enable water to be reused, thereby improving efficiency, providing flexibility during water shortages, and diversifying the water supply. In addition to the fiscal year 2010 request, \$135 million of funding under the American Recovery and Reinvestment Act of 2009 has been allocated to title XVI projects.

Question. What modifications do you believe could be made to the title XVI program that would make it more acceptable to the administration?

Answer. Reclamation recognizes that water reuse is an essential tool in stretching limited water supplies in the West. Under the President's budget request, the title XVI program will be part of a Water Conservation Initiative—along with the Challenge Grant program and Basin Study program—to address increasing water demands and decreasing water supplies due to extended droughts and climate change. Reclamation looks forward to working with the subcommittee to make the title XVI program as effective as possible as part of this coordinated approach to addressing 21st century water challenges.

Question. How much of a backlog currently exists in the currently authorized title XVI program?

Answer. There are currently 53 authorized title XVI projects, including new projects authorized as a result of the Omnibus Public Land Management Act of 2009 (Public Law 111-11).

AGING INFRASTRUCTURE

Question. The recently passed Lands Bill gave Reclamation the authority to address rehabilitation of its aging infrastructure. Prior to the passage of this legislation this rehabilitation work would have been a non Federal responsibility. Recognizing that this is a relatively new authority, has Reclamation established guidance for how this program is to be implemented?

Answer. Reclamation is currently developing guidance regarding the implementation of this program. Similar programs designed to assist Reclamation project beneficiaries in financing the reimbursable costs of extraordinary maintenance and rehabilitation work have been implemented by Reclamation in the past, and we are drawing on that experience in developing implementation guidance.

Question. Has Reclamation evaluated the condition of this infrastructure so that this work could be prioritized in a meaningful manner?

Answer. Reclamation periodically evaluates the condition of its facilities through existing review programs. The recommendations resulting from the reviews are the basis for prioritization of funding for identified needs.

Question. The language in the lands bill makes this work reimbursable over a period not to exceed 50 years. Will this be affordable to the non-Federal sponsors that most need this assistance?

Answer. Current law requires the non-Federal sponsors to pay for their allocated portion of this work in advance or repay costs within the current year when work is performed. Allowing repayment over a term of up to 50 years will greatly ease the burden these entities have faced in the past in advancing or repaying the reimbursable costs that would be allocated to reimbursable project purposes. Reclamation would continue to pay the costs that would be allocated to non-reimbursable project purposes. However, given that some of the major repair work needed will be very costly, and that interest will be assessed on the reimbursable obligations, some project sponsors will still face challenges in repaying these costs. It is important to remember that non-Federal sponsors, in many cases, are responsible for repaying their allocated portions of the capital in addition to operations and maintenance costs of the Federal facilities. This law allows more flexibility to make payments over time, thereby reducing or minimizing long term Federal involvement.

Question. With much of Reclamation's infrastructure more than 50 years old, this problem is only going to increase. Has Reclamation developed contingencies to address failures of this infrastructure?

Answer. Assuming that the reference to failures is in the context of not being able to continue water deliveries, this would pose a public policy question regarding the costs and benefits associated with major Federal investment in recapitalizing this infrastructure, as addressed in responses to Questions 12 and 13.

Question. Would a cost shared Federal recapitalization of infrastructure that has exceeded its economic life make sense to consider?

Answer. Reclamation believes that the Omnibus Public Land Management Act (Public Law 111-11) provides the authority to undertake such a program, and plans to consider the appropriateness of funding requests to support these efforts on a project-by-project basis.

Question. What would be required to establish a program like this in Reclamation?

Answer. In order to establish an effective program to address aging infrastructure under the authority of the Omnibus Public Land Management Act, Public Law 111-11, Reclamation will need to establish procedures for allocating costs among reimbursable and non-reimbursable project purposes, set standards for appropriate repayments terms within the prescribed limits, and prioritize the use of available funds among its many aging facilities.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

ODESSA SUBAREA SPECIAL STUDY

Question. Commissioner Connor, I am disappointed that the Odessa Subarea Special Study, which was included in the fiscal year 2009 President's budget request, has been eliminated in the fiscal year 2010 President's budget request. As you know, the Columbia Basin Project is a critical tool for farmers in my home State of Washington. Securing a reliable surface water supply for the producers is impor-

tant to ensuring the continuation of agriculture in Central Washington while protecting our groundwater supplies. Can you tell me why this project was eliminated in the President's budget request?

Answer. Reclamation recognizes the importance of Columbia Basin water issues; however, faced with significant competing demands for aging infrastructure, satisfying Endangered Species Act regulatory requirements on operating projects, and other high priority water issues throughout the 17 Western States, no funding was included in the fiscal year 2010 President's budget. Reclamation also understands the importance, specifically, of the Odessa Subarea Special Study (Study). Reclamation has partnered with the State of Washington (State) to investigate the possibility of continuing development of the Columbia Basin Project to deliver project surface water to lands currently using ground water in the Odessa Subarea. Reclamation will continue to work with the State to bring the Study to completion as soon as possible. The State has identified the declining Odessa Subarea aquifer as the highest priority issue to address in the Columbia River Basin. The State will continue to fund the study in fiscal year 2010 and fiscal year 2011.

Question. It is my understanding that the environmental impact statement analysis of the alternatives identified in the appraisal-level investigation is underway, and the State of Washington and the Bureau are working together to complete this work. When do you anticipate completion of the feasibility study? Are you still on track for completion in 2011?

Answer. Reclamation anticipates that the study may need to be extended. Reclamation and the State of Washington Department of Ecology (Ecology) are jointly preparing an environmental impact statement (EIS) to meet the National Environmental Policy Act and State Environmental Policy Act requirements. The draft EIS is currently scheduled for release to the public in spring 2010, with the final EIS scheduled for spring 2011.

Question. Now that the appraisal-level investigation has been completed and the path forward has become more clear, an increase in the annual funding level will be needed to make sure the study is completed in a timely fashion. Unlike this year, can we expect to see future requests from the Bureau to reflect this?

Answer. There will be a continued level of commitment from Reclamation to complete the study in fiscal year 2011. The State has indicated a continued level of commitment in 2010 and 2011.

WASHINGTON STATE ARRA FUNDED PROJECTS

Question. Commissioner Connor, as you know, my State has many ready to go construction projects within the Bureau's purview, and as such was a beneficiary of Recovery Act funding, which I am thrilled about. Can you please provide an update on these projects?

Answer. We too are pleased that so many worthy projects in the State of Washington received Recovery Act funding. The following is an update of those projects:

The following contracts and work have been awarded:

- Leavenworth National Fish Hatchery Complex—an Indefinite Delivery/Indefinite Quantity (IDIQ) task order was awarded for the design of a water supply replacement system for the intake facility. Amount \$780,000.
- Leavenworth National Fish Hatchery Complex—IDIQ task order was awarded for survey work for the repair of the adult holding pond. Amount \$33,000.
- Columbia/Snake River Habitat Projects hired a three-person crew to work on the Methow Habitat Project Evaluation to meet monitoring requirements. Amount \$130,000.

The following contracts are out for solicitation:

- Roza Roller Gates solicitation was issued with an estimated award of early October 2009 and construction projected to begin late October 2009. Estimated cost \$4.9 million.
- Weber Siphon Complex solicitation was issued with an estimated award of late September 2009 and construction projected to begin late October 2009. Estimated cost is \$49 million.
- Potholes Supplemental Feed Route—Pinto Dam and Brooks Lake solicitation was issued with an estimated award of mid-September 2009 and construction projected to begin mid-October 2009. Estimated cost is \$3.1 million.
- Grand Coulee Maintenance items have been advertised for bid on E-BUY with an estimated award date of mid-August 2009. Estimated amount is \$890,000. The following items are either in the review stage or being prepared:
- Remaining Grand Coulee Maintenance items being reviewed for ARRA compliance requirements in our Denver office.

—Umatilla Project—Modifications and improvements on water delivery system being reviewed for ARRA compliance requirements in our Denver office.

—Sunnyside Division Board of Control—the financial assistance agreement to the Sunnyside Board of Control for piping three large laterals is expected to be signed in mid-September.

—Columbia/Snake River Habitat Projects—the financial assistance agreement to the Methow Salmon Recovery Foundation for two fish habitat improvement projects is expected to be signed in early September.

Question. As you know, the Bureau owns billions of dollars worth of irrigation infrastructure all across the West, and the infrastructure is aging and in need of significant investment to maintain efficient operation. We have authorized and directed the Bureau to develop a Federal loan guarantee program to assist operators of Reclamation projects in securing low interest loans to encourage investment in Federal infrastructure.

Can you please tell me the status of this program?

Answer. This program has not yet been implemented. A proposed rule for the program has been published and comments were received. We will continue to keep Congress informed about the status of the program.

Question. Do you think that this program is successful in encouraging local project operators to make these kinds of investments in our Federal facilities?

Answer. The program has not been implemented, but we will continue to keep Congress informed about its status.

Question. Are there other ways to encourage this investment?

Answer. Section 9603 of the Omnibus Public Land Management Act of 2009 (Public Law 111–11) was enacted to assist Reclamation project beneficiaries in paying for extraordinary operation and maintenance costs. Public Law 111–11 allows repayment of extraordinary O&M costs allocated to the authorized reimbursable purposes of the project within 50 years, with interest.

QUESTIONS SUBMITTED BY SENATOR ROBERT F. BENNETT

QUAGGA MUSSELS

Question. Quagga Mussels are becoming more of a problem in western waters and are affecting Reclamation projects. How much funding is included in Reclamation's budget to address the control of Quagga Mussels?

Answer. In fiscal year 2009, Reclamation-wide appropriated funding for addressing the control of invasive mussels (both Quagga and Zebra mussels) includes just over \$2.0 million. This funding encompasses activities related to the prevention of spread, early detection and rapid response for new infestations, control and management, research, and outreach and education. The fiscal year 2010 appropriated budget request totals nearly \$3.5 million. In addition to appropriated funding, there are also direct or contributed funds and in-kind services to be provided by various partners and customers estimated to be nearly \$375,000 and \$475,000 in fiscal year 2009 and fiscal year 2010, respectively. Reclamation also received \$4.5 million in ARRA funding for monthly testing of 60 Reclamation reservoirs for presence of mussel larvae. This activity will continue through 2010.

Question. What are the costs to Reclamation to deal with Quagga Mussels at Reclamation projects?

Answer. Reclamation is continually working with its regional and area offices to consolidate invasive mussel related cost information. Appropriated Reclamation funding expenditures in fiscal year 2008 and fiscal year 2009 are estimated to total approximately \$3.5 million and reflect Reclamation-wide costs to deal with invasive mussels to date. Future costs are expected to escalate as invasive mussels continue to spread throughout Reclamation in the 17 Western States.

Question. Does Reclamation have a research and development program to study Quagga Mussels?

Answer. Reclamation's Research and Development (R&D) Office has made invasive mussels a top priority. Zebra and Quagga mussel research under Reclamation's Science and Technology Program was started in 2008 to address both existing and anticipated mussel impacts at Reclamation facilities throughout the Western United States. The emphasis is on monitoring, early detection, control, and mitigation to maintain Reclamation's water and hydropower operations. The goal is broad application of promising facilities protection technologies and strategies. Specific investigations seek to improve early detection methods, infrastructure coatings to prevent mussel settlement, mussel resistant fish screens, use of filters and Ultraviolet (UV) light systems, development of a bacterial product (*Pseudomonas fluorescens*) to

kill mussels, control using natural predators, addressing post-infestation rapid die-off impacts, and assessing mussel impacts in river and reservoir environments.

Question. How much funding has Reclamation included in the fiscal year 2010 budget to study these invasive species?

Answer. Reclamation's fiscal year 2010 R&D Office budget request includes \$1.49 million for invasive mussel research.

DESALINATION RESEARCH AND DEVELOPMENT

Question. What research and development plans does Reclamation have for the Brackish Groundwater National Desalination Research Facility?

Answer. In general, the work at this facility will focus on improvement and testing of technologies for the treatment of inland brackish groundwater and disposal of concentrate, with special emphasis on the use of renewable energy to drive such processes.

Research funds for the Brackish Groundwater National Desalination Research Facility (BGNDRF), appropriated to Reclamation under the Desalination Act of 1979, were earmarked to New Mexico State University in fiscal year 2008 (\$3.365 million) and fiscal year 2009 (\$2.0 million). For fiscal year 2010, we requested \$1.6 million for O&M of the BGNDRF, and \$2.133 million for research on advanced water treatment technologies, some of which will occur at the facility.

Research to date at BGNDRF has included work with Sandia National Laboratories and a private sector company looking at an innovative concentrate disposal method and testing of new membranes developed by a university through an Office of Naval Research grant. Also underway is concentrate disposal testing by Veolia Water and electro-dialysis testing with New Mexico State University and General Electric. Other projects are in the discussion stages.

The facility will provide all the requirements for researchers working with desalination systems, concentrate management issues, renewable energy/desalination hybrids, and rural systems.

Question. Will the funding budgeted allow for meaningful research at the facility?

Answer. Historically, Reclamation has ensured that research appropriations produce the highest quality products by defining the research objectives to address the highest-priority questions, and funding research through an open, competitive, peer reviewed process. These have been the administration's standards for research administration.

This approach will be used to administer research at the BGNDRF facility for those appropriations that Reclamation controls. The amounts requested in the President's 2010 budget are sufficient to undertake important work advancing the treatment of brackish groundwaters.

Reclamation's ability to ensure meaningful research is limited to the extent that the funds appropriated for this research are earmarked without an open, competitive process.

Question. What other advanced water treatment options are showing promise for impaired groundwater?

Answer. Many technologies exist to treat a range of brackish waters. Reclamation focuses its research on technologies that may represent a significant breakthrough in either cost reduction or effectiveness of treatment. Currently, two of the most promising technologies that Reclamation is developing are: (1) a truly chlorine-resistant thin-film composite reverse osmosis membrane that will allow pre-treatment with chlorine to prevent bio-fouling without the degradation of the membrane, and (2) a more efficient cellulose-triacetate membrane that is naturally chlorine resistant. Both technologies will likely be tested at the BGNDRF.

Reclamation is also working with other Government agencies, universities, non-profits, and the private sector. Not only are there new membrane formulations being created and tested by Reclamation and others, innovative work is continuing on the development of cost effective concentrate disposal, reduced energy consumption/ lower CO₂ footprint/renewables, reduced fouling, and alternative desalination technologies such as forward osmosis, membrane distillation, electro-dialysis, thermal technologies and others.

Question. Do you see any potential for Reclamation becoming involved in the construction of desalination plants? Why?

Answer. Historically, Reclamation has focused upon research and development of advanced water treatment technologies up through pilot scale testing and demonstration, and moving those technological advances to the private sector for commercialization. Given the very large global industry around design and construction of desalination plants, there does not appear to be a need for Reclamation to enter into this domain. However, Reclamation may be able to play a role in providing de-

signs or reviewing designs for systems that are not a focus of the mainstream design and construction industry, for example for small-scale plants that are part of a Reclamation Rural Water project, or applications on Indian lands, or applications that are otherwise integrated with Reclamation projects.

Question. You have only budgeted about \$500,000 for drought assistance in fiscal year 2010. Is that funding sufficient to address the drought issues that are anticipated next year?

Answer. Reclamation prepares its budgets 2 years in advance. Consequently, we are unable to forecast this kind of emergency. However, we make every effort to address the greatest need with the funds available and to put our efforts into funding on-the-ground activities.

The amount requested for Drought Program funding in fiscal year 2010 is primarily the result of a relatively flat overall budget for Reclamation and increasing costs associated with site security, dam safety, project rehabilitation, and operation and maintenance, to name just a few. Reclamation has many important programs that need to be funded, and has made its best effort to develop a budget that adequately balances the competing needs for these different programs.

In addition to the \$500,000 requested for drought assistance in fiscal year 2010, Reclamation recently announced \$40 million in funding available under the American Recovery and Reinvestment Act (ARRA) of 2009 to projects that will address the impacts of drought in California. The \$40 million in ARRA funding will be used to fund drought projects beginning this summer and continuing throughout 2010.

In addition to our Drought Program, Reclamation also addresses competing demands for finite water supplies through the Water Conservation Initiative. Reclamation has requested \$46 million for the Water Conservation Initiative in 2010, which includes funding for the title XVI, Challenge Grant, and Basin Study Programs.

Question. In the fiscal year 2010 budget, the rural Water Program authorized in 2006 appears to be finally getting out of the evaluation and rule making phase into actually starting to address the water needs in western States. Can you update us on the status of this program?

Answer. The Rural Water Supply Act required that the Department of the Interior develop programmatic criteria for the new program and publish them in the Federal Register through a rulemaking process. In November 2008, the Department published an interim final rule (Rule) establishing comprehensive programmatic criteria governing eligibility, the prioritization of projects for funding, and the evaluation of studies completed under the program. The Rule became effective on an interim basis on December 17, 2008, and the 60-day public comment period ended on January 16, 2009. The Rule will be implemented upon completion of a set of guidelines or internal directives ("Directives and Standards") describing how the program will be implemented by Reclamation. The Directives and Standards will describe key aspects of program implementation, such as how Reclamation will receive and review applications, how Reclamation will review completed studies, and will specify the required content of appraisal and feasibility studies completed or reviewed under the program. By establishing uniform requirements for program implementation, the Directives and Standards will help ensure that the program is implemented consistently, effectively and transparently across the organization.

QUESTIONS SUBMITTED TO REED MURRAY

QUESTIONS SUBMITTED BY SENATOR ROBERT F. BENNETT

Question. Mr. Reed, The budget for CUPCA is flat when compared to fiscal year 2009. Is this funding level sufficient to continue to make progress on this critical project?

Answer. The President's 2010 budget for CUPCA is sufficient to continue CUP construction and implementation of CUP mitigation and conservation activities.

Question. What is your total funding capability for CUPCA in fiscal year 2010?

Answer. The President's 2010 budget for CUPCA represents the funding capability of the CUPCA program.

Question. What will this additional capability accomplish?

Answer. Since the President's 2010 budget represents the CUPCA programs funding capability the CUPCA budget justification documents adequately describe the proposed 2010 accomplishments.

SUBCOMMITTEE RECESS

Senator DORGAN. This hearing is recessed.

[Whereupon, at 11:50 a.m., Thursday June 18, the subcommittee was recessed, to reconvene subject to the call of the Chair.]